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Savannah Meeting of International Fund and Bank Gets Under Way

By HERBERT M. BRATTER
Special Correspondent of the "Chronicle"

Secretary Vinson Placed at Head of Both Institutions. General Friendly and Cooperative Feeling Prevails in Spirit of Southern Hospitality. President Truman Sends Welcoming Address and Both Vinson and Keynes Address Gathering in Tone of Optimism, Though Treasury Secretary Says Task Is "Race Against Time for Sanity." List of Governors and Observers.

SAVANNAH, GA., March 13—Every one who arrived on the State Department's Special Conference Train last week was tremendously impressed with the hospitality offered by this not so sleepy Southern city. . . . One hundred citizens turned out with their cars to drive the visitors in a caravan to their hotels. . . . A large crowd was at the station, and all the remaining population seemed to be lining the streets and squares of this flowery, subtropical port as the Fund and Bank procession rolled to its sunny conference place. . . .

Herbert M. Bratter

The arriving "Governors" seemed particularly impressed with the welcome from thousands of interested school children happily released from classes for the "holiday." . . . These children represented the world of the future. . . .

Indicative of Savannah's Southern hospitality is the printed program of entertainment distributed on behalf of this community on the first day of the Conference. . . . It includes such items as the Chamber of Commerce dinner in town, the Sunday barbecue and oyster roast at the Country Club, tours of historic Savannah homes and gardens, stag parties for the Press, cocktail parties, a street dance and several sporting events. . . .

The foreign delegates, veterans of international conferences held in blase European cities, have been moved by the warmness of Savannah's welcome. . . .

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Pictures taken at Twentieth Anniversary Dinner of New York Security Dealers Association on pages 1368, 1369, 1370, 1371 and 1372.

Factors Favoring Loan to Britain

By WINTHROP W. ALDRICH*
Chairman of Board, Chase National Bank

Prominent Banker, Asserting That Proposed Credit to Britain Represents a Justifiable Investment in Future Prosperity, Peace and Security, Summarizes the Advantages as: (1) Aiding United Kingdom to Convert to a Peace Economy; (2) Abolition of Exchange Controls; (3) Expansion of British Exports; (4) Increased Development of World Trade; (5) Increased Volume of Multilateral Trading; (6) the Strengthening of Anglo-American Ties; and (7) the Ending and Final Settlement of Lend-Lease and War Debts. Holds Credit Will Not Underwrite British Socialistic Experiments, Will Not Perpetuate Existing Maladjustments in Her Economy, Nor Build Up Foreign Competition to U. S.

I appear today to testify in favor of the adoption of S. J. Res. 138. My interest in the measure arises not only from years of practical experience in the financing of international trade but also from a deep conviction on my part that international trade must be facilitated and restored if world peace is to be maintained. I believe that the adoption of this Joint Resolution will create a situation in which governmental foreign exchange controls and international trade controls can and will be gradually relaxed

W. W. Aldrich

*Statement of Mr. Aldrich on S. J. Res. 138, concerning the Proposed Credit to the United Kingdom, before the Senate Banking and Currency Committee on March 13, 1946.

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Investment Under a Socialist Government

By HAROLD WINCOTT
Editor of the London "Investors' Chronicle"

British Publicist Traces the Recent Fluctuations in British Stock Prices Pursuant to the Public's Interpretations of the Labor Government's Intentions. In the Face of Adverse Political Factors Market Stability Is Now Being Preserved for the Following Reasons: (1) the Socialist Government Stands Deeply Committed to Cheap Money; (2) Investors' Traditional Aversion to Holding Idle Funds; (3) Fear of Inflation; (4) Increasing Scarcity of Non-Governmental Stocks, to Be Accentuated as Nationalization Progresses; (5) Expectation of High Industrial Activity, and (6) Increasing Dividends In Anticipation of Nationalization. In Doubting Justification of Current Prices Mr. Wincott Cites the Following Adverse Factors: (1) Reconversion Difficulties; (2) the Profit-Wage Squeeze; and (3) Parliament's Adverse Attitude Toward Private Enterprise. London Observers Are Represented as Believing That Americans Are Paying "Stupid and Anomalous Prices" for Some British Shares.

Seven months ago, just under half the electorate of the United Kingdom for the first time in centuries of British Parliamentary Government, returned to power—and not merely to office—a Socialist Government. Thereupon, if report is reliable, prominent people in Wall Street expected their opposite numbers in Throgmorton and Threadneedle Streets to be strung up on the nearest lamp-posts. Thereupon—and these statements are not based on hearsay—anxious old ladies rang up their bank managers in Britain and asked whether they should withdraw their bank deposits; and prices on the London Stock Exchange, for one wild week, slumped in a fashion which would not have disgraced Wall Street in

(Continued on page 1376)

The Trend in Public Utility Values

By HAROLD H. YOUNG*

Mr. Young Is Confident That the Utility Companies' Loss of War Business Will Be Made Up by the More Profitable Private Commercial Sales. Stressing the Industry's Increased Corporate Strength and the Likelihood of Increased Dividends, He Urges That Former Buyers of Preferreds Now Purchase Common Stocks. He Lists for Desirable Investment Specific Operating Companies, as Well as Present Holding Companies Which are About to Break Up.

Public utility securities have become firmly established as among the most desirable mediums of investment. One of the basic reasons is the record of consistent and conspicuous growth in the use of utility services. The upward trend which has prevailed over a long period of time promises to continue as far as can be seen now.

Harold H. Young

At the moment the output of electricity is showing some reduction. This is due almost entirely to the decrease in sales to industrial customers and the effect on net income is not serious. This is because the industrial business, particularly sales to war plants, yields a very small return. A reasonable increase in the much more profitable domestic commercial business will quickly take care of

*A talk by Mr. Young, Public Utility Specialist for Eastman, Dillon & Co., before the Association of Customers' Brokers, New York City, March 12, 1946.

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Inflation and Interest Rates

By MARCUS NADLER*

Professor of Finance, New York University

Dr. Nadler, Contending That the Problem of Inflation Is Largely One of Fiscal Policy, Urges That the Treasury Reverse Its Monetizing the Public Debt and Use Every Effort to Transfer Banks' Government Bond Holdings to Individuals and Investment Institutions. Sees No Great Inflationary Danger From Shortage of Commodities and Does Not Expect a Rise in Price Level of More Than 12%. Says It Is More Important for Treasury to Curb Inflation Than to Keep Interest Rates Low, and Says Large Accumulated Savings Can Act as Cushion Against Inflation.

No topics are of greater interest to savings institutions today than the movements of prices and of interest rates. Savings banks administer the savings of millions of people of modest income who wish either to build up a reserve for the future or save for a specific purpose. During the last few months inflation has become a general topic of conversation. Many people who had never heard the expression before and who don't know its real meaning, use it almost daily. So far the people have shown greater confidence in the future purchasing power of the dollar and in the future of the American economy than many business leaders. They have not only maintained the volume of their savings accumulated during the war but increased it materially.

Dr. Marcus Nadler

During 1945 the volume of deposits of all mutual savings banks in the United States increased by two billion dollars. What is of perhaps greater significance is the fact that savings deposits of mutual savings banks have continued to increase since V-J Day, despite the decline in business activity, the increase in prices and the relatively low dividends paid by savings banks. It proves again that the people are, on the whole, thrifty and more interested in safety of principal and availability of their savings than in the rate of return. Obviously, however, if the people should lose confidence in the future purchasing power of the currency it would have very adverse effects on savings institutions and could be catastrophic to the economy of the country as a whole.

Money rates are of great importance to the savings banks. In recent months the decline in money rates has been accentuated. Not only has the rate of interest on long-term Government bonds not eligible for commercial bank declined below 2½%, but also yields on corporate bonds have decreased materially, and mortgage rates are lower than ever before in the history of the country. Obviously the continuation of this tendency is bound to have adverse consequences on the savings institutions.

Approach to the Problem

One could approach the problem assigned to me in several ways. One could either define the forces working for and against inflation and consider the factors which will influence the movement of interest rates, or one could inquire into the relationship between the movement of money rates and prices of commodities. I shall

*An address by Dr. Nadler before the Eastern Regional Savings and Mortgage Conference, American Bankers Association, Boston, Mass., March 7, 1946.

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An Economic Magna Charta

By HON. FRED M. VINSON*
Secretary of the Treasury

Secretary Vinson Stresses That the Bretton Woods Agreements Are a Profound Agreement of the Heart and Spirit and That They Form a Bed-Rock Foundation for a Sound World Economic Structure. Holds Experimental Test Has Been Passed and That in Establishment of Bank and Fund, "We Have Written an Economic Magna Charta." Warns Against Protracted Debate Regarding Procedure and Urges Untiring Work to Overcome Difficulties "Attending This Waging of Peace."

Representatives from the United Nations, I welcome you. I welcome you not only as the representatives of friendly nations, but also as my personal friends of the past, of today and of tomorrow. I welcome you all, for now our task is at hand. Ours is the difficult task of waging peace. War, as you know, is not our business. The prevention of war is our business. Our work requires the application of intelligence and effort, and we must do this job without the benefit of the dramatics that bound us together in the war effort.


Secretary Vinson

In greeting you here today, I cannot—and I would not—escape the nostalgic memories of our other meeting, that remarkable conference at Bretton Woods. I know I speak for all of those who had the privilege of participating in the Bretton Woods Conference when I say that one of the most outstanding achievements of that Conference was never recorded in the documents emerging from that historic assembly. The fact that this major achievement was never inscribed on any of the formal records of that Conference does not mean, however, that it was neglected or its true import escaped our attention. For the mutual trust and genuine understanding between the representatives of forty-five nations achieved at Bretton Woods

*An address of welcome by Secretary Vinson at the Inaugural meeting of World Fund and Bank at Savannah, Ga., March 9, 1946.

(Continued on page 1358)

Collective Bargaining Under Price Control

By V. HENRY ROTHSCHILD, 2nd
Corporation Lawyer and Author

Legal Authority Traces Analogies and Differences Between Our Labor Situation After First World War and Now. In Prior Period Collective Bargaining Was Restored Without Corrective Legislation or Appreciable Government Intervention; but Today's Price Control Creates Wholly Unprecedented Circumstances. Current Price Administration Makes the Government a "Labor Court of Last Resort." Mr. Rothschild States That Early Elimination of Price Controls Would Only Accentuate Labor Trouble, in Reopening the Existing Wage Settlements. Concludes That Permanent Solution Will Come Only With Completion of Reconversion and the Termination of Price Control Under Full Production.

In testimony before the Senate Committee on Education and Labor, William H. Davis, former Chairman of the National War Labor Board, persuasively argued the view, shared by Sumner Slichter and other economists, that our present labor strife is an inevitable aftermath of the war and should cease as the orderly processes of collective bargaining are restored. "Some people seem to think dinner is over when they rise from the table," he said. "But it is not over for the cook until the dishes have been washed; and these pending disputes about the new wage pattern are a part of the dishwashing of the war."


V. Henry Rothschild

Similarities to the Situation Following First World War

There is much to be said historically for the Davis-Slichter view that current industrial strife represents a postwar problem which will solve itself in ordinary course through collective bargaining. An identical problem was encountered after the First World War. In that war also, labor had embraced a no-strike pledge and labor disputes had been settled by a War Labor Board, with the result that collective bargaining played a relatively unimportant

(Continued on page 1363)

Twin Christening of World Fund and Bank

By LORD KEYNES*
Special Advisor to the British Treasury

Original Promoter of International Monetary Fund and Bank Tells Inaugural Meeting of Its Governors That "the Twins of Bretton Woods" Belong to the Whole World, Have an International Character, and Should Not Owe Sole Allegiance to Any Particular Interest. Says if Institutions Are to Win Full Confidence of a Suspicious World, Their Approach to Every Problem Should Be Objective and Oecumenical, Without Prejudice or Favor.

Like several others here present, I have been intimately concerned with what will, I think, always be known as the Bretton Woods plans. The gestation has been long; the lusty twins are seriously overdue; they will have put on, I hope, as a result, a weight and strength which will do credit to their mixed and collective parentage. At any rate it is a privilege I would not have readily foregone to be present at the hour of birth, in some capacity whether as Governor or governess, along with the midwives, nurses, doctors and parsons ready to christen (and I shall always hold to the view that the christening has been badly done and that the names of the twins should have been reversed).


Lord Keynes

Hidden behind veils or beards of Spanish moss, I do not doubt that the usual fairies will be putting in an appearance at the christening, carrying appropriate gifts. What gifts and blessings are likely to be most serviceable to the twins, whom (rightly or wrongly) we have decided to call Master Fund and Miss Bank?

(Continued on page 1382)

*An address by Lord Keynes at inaugural meeting of Governors of World Fund and Bank, Savannah, Ga., March 9, 1946.

Heard at Savannah

"Chronicle" Correspondent Gets Views and Opinions of Members and Others Attending Inaugural Assembly of International Fund and Bank. India's Hardship Explained. SEC May Require Registration of World's Bank Guaranteed Issues. Netherland Finance Minister Analyzes Effect of U. S. Capital Export. Denmark's Reaction to International Monetary Fund. Asst. Secy. Clayton Optimistic.

SAVANNAH, GA.—As opportunity offered, the "Chronicle" correspondent buttonholed various personages in attendance at this international assembly, and obtained from them views on the international and domestic problems of their own countries, as well as opinions regarding matters concerned with the organization and operations of the two world financial institutions being created. . . .

Indian Delegate Interviewed

The principal Indian delegate to the Savannah Conference, Sir Chintaman Deshmukh has been unable as yet to reach this country from London. . . . In his absence Sir A. Ramaswami Mudaliar is serving in his place. . . . **Sir Ramaswami holds the top position in the Government of India, Vice-President of the Cabinet, the position immediately under the British Viceroy.** . . . Sir Ramaswami

(Continued on page 1384)

Economic Problems of Greece

By HON. C. DIAMANTOPOULOS
Ambassador From Greece

Greek Ambassador Explains That His Country's Economic Troubles Began With Britain's Departure From Gold in 1931. Her Burdens Have Been Enormously Accentuated by the War and Accompanying Enemy Occupation. He States That the Entire Social and Economic Structure Have Been Destroyed, With Billions of Dollars of Losses—Particularly of Capital Equipment. As the Basic Problems in Greece's Reconstruction He Lists: (1) the Combating of Prospective Reductions in Tariffs Which Would Reduce Her to a Permanent State of Poverty; and (2) Finding Another Country to Take the Place of Germany as Former Buyer of One-Half Her Exports.

Greece did not remain unaffected by the last economic crisis that engulfed the world before the war. In 1931, and particularly after England went off the gold standard, the economic balance of Greece was seriously upset and the effects of the world crisis immediately manifested themselves in that country also. The value of the Greek currency, the drachma, began to fluctuate and the Government was obliged to remove it from the gold standard which had been adopted by Greece in 1928. From that time, but particularly in 1932, various restrictive measures were taken to conserve and augment the foreign exchange reserves of the country abroad. Thus a strict control was placed on all foreign exchange and at the same time restrictions on foreign exchange

C. Diamantopoulos

and on foreign imports of all kinds. The importation of luxury items was practically prohibited as also of such commodities as Greece produced in sufficient quantity to meet her requirements. These measures, however, although originally imposed only with a view to protecting and increasing the reserves in foreign exchange, naturally resulted, with the passage of time, in the protection and increase of home production. Over the whole period during which these measures were in force, i.e., from 1932 to the outbreak of the war, there was a continuous and steady increase of the domestic agricultural and industrial output. The increase in agricultural production was manifest. It is sufficient to mention that the production of ginned cotton rose from 5-6,000 tons per annum (the production before the protective measures were put into effect) to 18-20,000 tons just before the outbreak of the war. Industrial production which hardly covered 50% of the country's requirements prewar reached 75%

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Remedies for Our Economic Ills

By WALTER D. FULLER*
President, the Curtis Publishing Company

Leading Publisher Points Out the Unity and Joint Responsibilities of the Paper and the Publishing Industries. Contends It Will Take Psychology and Sound Public Thinking to Win the Peace and That American Productive Efficiency Must Be Maintained and Increased. Holds This Increased Productivity and Growth of National Income Requires More Selling Effort on the Part of Producers. Says OPA by Its Controls Is Perpetuating a Wartime Necessity and That Only Way to Control Inflation Is Through Stimulated Production and Free Competition.

Individual paper makers and individual publishers have always been pretty close to each other, but I think you will agree that it took World War II to bring us all to a realization that we each were just different parts of an expanded industry, starting with wood in the forests and ending perhaps with finished products in the hands of the ultimate consumer. During the war we worked together for a common purpose. I am sure it is greatly to our common advantage if we continue to work closely together in the years ahead.

Walter D. Fuller

Right here, and as Chairman of the wartime activity known as the "Periodical Publishers National Committee," I want to thank you for the help and cooperation you gave the publishers and specifically for the loan of Don Rochester. He was a tower of strength, eased the road immeasurably, and I think in his P.P.N.C. job was as valuable to you as he was to us.

But the days of war and the P.P.N.C. are behind us. How about the future?

We all want opportunities, profits and accomplishments in the days ahead. Yet today we and everyone else feel widespread uncertainty, worry and fear. How do we get from where we are today to the happy tomorrow we all desire?

This takes us away from the direct production job we faced together during the war and brings us into the more intangible areas of ideas, ideals, frontiers of psychology and the relatively unexplored territory of future expansion in business, government and other branches of American economic and social life.

In the manufacturing processes both of paper maker and printer, we know reasonably well how to produce. Having the materials and the men, we have the "know how" to turn out the goods. But conditions today reflect very clearly that while engineering and production did win a war, that it takes psychology and sound public thinking and good politics to win a peace.

It is because I am so sure that our expanded industry has both a responsibility and an opportunity in this connection that I accepted the invitation to be with you today.

Paper Production and Publishing —One Industry

The publisher has a voice—he can be logical and persuasive. He can help market and sell. He can carry the torch of truth and conviction and enthusiasm. But he cannot do so without paper and equipment. The publisher is the

*An address by Walter D. Fuller before the Annual Meeting of the American Paper and Pulp Association, New York City, Feb. 27, 1946.

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Intervention in Spain Unwise!

Rep. Wm. B. Barry Protests State Department Policy, as Endangering World Peace. Says We Would Not Tolerate Similar Action by Foreign Power Towards Us, and Denounces Our Cooperation Along This Line With Russia and With Socialist-Communist Dominated France. Holds Peron's Election in Argentina Due to Opposition of Spruille Braden.

Congressman William B. Barry (Dem., N. Y.) has released a letter he wrote to Secretary of States, James F. Byrnes, on March 4, in which he protested the policy of interfering in the internal affairs of Spain and accused the communists of Spain, France and Russia of a plot to overthrow the Franco regime in order "to get that unfortunate country in their grasp." The text of Congressman Barry's letter follows:


William Barry

March 4, 1946.

Hon. James F. Byrnes,
Secretary of State,
Department of State,
Washington, D. C.

Dear Mr. Secretary: Along with a great majority of my constituents, I wish to protest the State Department's policy of intervention in the internal affairs of Spain, as I believe it endangers world peace and is contrary to a long-established policy of this Nation. In my opinion, it is definitely in the interests of Russia rather than of the United States and is further Russian appeasement secretly agreed upon at Potsdam.

Would we as a nation tolerate any other power telling us that we were Fascists because the citizens of our Capital City are not allowed to vote, or that a number of our States have poll taxes which prevent Negroes and poor whites from voting, or would we tolerate any nation telling us what person we should elect as President? Of course, we would not; yet that is precisely the policy we are pursuing in both Argentina and Spain. I am firmly convinced that if Colonel Peron is elected in Argentina he can thank Mr. Sprille Braden of our State Department.

Franco is a military dictator and I certainly would not want to see him the head of our Nation. Military dictators, however, have existed in Spain and South America time and time again. He disclaims being a Fascist. The Falangists or Spanish Fascists have always been a small minority in Spain, despite all propaganda to the contrary.

These statements will, I am sure, be corroborated by our wartime Ambassador to Spain, Dr. Carlton J. H. Hayes, and our recent Ambassador, Mr. Armour.

How can we justify recognizing the Balkan nations and Poland and Yugoslavia where communistic stooges of Stalin are in control, and not recognize Spain where the Falangists are in a minority among the people and are a minority in Franco's cabinet? Is communism something different from fascism from the American point of view? If so, I would like to know what the fundamental differences are.

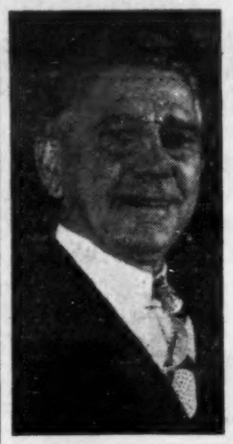
The facts are with respect to (Continued on page 1373)

Future Activity of Cash Securities Market

By ALFRED S. KLAUBER
Partner, Lober Brothers & Co.

Mr. Klauber Calls Attention to Slight Effect on Stock Market Transactions of Prohibition of Margin Trading and Points to the Large Number of Potential Investors Created Through Sale of Government Bonds as Indication of Continued Future Stock Market Activity. Advocates Split Up of Shares of High Priced "Blue Chip" Stocks as a Means of Increasing Their Market Activity and Increasing the Number of Their Shareholders.

The claim has always been, that general stock market activity was brought about mainly by speculative margin trading accounts and that an exclusively cash market would make for inactivity. The most active single day in the bull market to date, however, followed immediately on application of the new 100% cash rule, which would seem conclusively to upset this old theory. At any rate, it proved that there *can* be activity, even if everything must be paid for outright.


Alfred S. Klauber

There is, therefore, good reason for believing that the market will continue active in the future, and, indeed, increasingly so.

What are the underlying factors tending to bear out this belief?

To begin with, the War Bond campaigns have resulted in the development of an entirely new crop of potential security investors, through the sale of Government bonds to the public at large. It is said that there are as many as 85 million individual holders of Government bonds. But granted that of this figure, say only 60 million are adults, we thus still have a vast reservoir of future investors for both the bond and stock market, as compared with the relatively small percentage of former margin accounts, which, at a very high estimate, cannot very well have exceeded a million.

Another source of potential future activity lies in the present high-priced stocks, so called blue chips, where the activity today is negligible, because of their high selling prices. Since active markets are desirable from the standpoint of the investor, the expected increased activity should be welcomed by the investment com-
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Paul Beck Resumes Investment Business

PHOENIX, ARIZ. — Paul D. Beck having returned from service in the armed forces, is again associated as a general partner of Refsnes, Ely, Beck & Co., 112 West Adams Street, together with Joseph E. Refsnes and Sims Ely, Jr.

You and Your Nation's Debt

(A Condensation of a Report Issued by the Government Spending Committee of the NAM, Headed by Norman W. Wilson, President Hammermill Paper Co.)

NAM Study Explores the Basic Questions Involved in Our Debt Management Program; Particularly the Form, Ownership, Schedule of Maturities, Interest Rates, and Retirement of the Debt. Shows the Enormous Rise in Treasury Borrowing Since 1930; the Debt's Unhealthy Distribution in the Banks Accompanied by Low Interest Rates and Short Maturities; Its Growth Related to National Income; and the Inflationary Repercussions. It Is Recommended That (1) the Budget Be Balanced in the Next Fiscal Year, (2) Thereupon Debt Retirement Be Effected, (3) A Much Larger Proportion of the Debt Be Placed With Long-Term Investors, (4) Interest Rates Should Not Be Arbitrarily Lowered, (5) Debt Absorption by Banks Be Stopped.

I

Our debt policy during the past fifteen years has resulted in the largest debt this country has ever had. Public debts have always caused great concern during the periods following long, exhaustive wars. The expenditures involved in financing World War II have been so tremendous that it has not been possible to raise enough by taxes to meet even 50% of the total expenditures. This has meant deficit financing on a huge scale. The inflationary dangers of a large growing public debt and the wide use of bank credit to cover the deficits have caused great anxiety as regards the future course of prices. The burden of the debt has been widely discussed and some hold that so long as "we owe the debt to ourselves" we need not be greatly disturbed about the effects upon business and economic conditions.

Norman W. Wilson

The problem of the management of the public debt—questions relating to the form, ownership, schedule of maturities, interest rates, short-term borrowing with the constant refunding of such obligations, and debt retirement—is one of the most important questions facing the public today. What are the basic factors which we should consider in framing our debt policy and management programs? But first, what is the amount and distribution of the Federal debt?

Government Expenditures and Deficits

Government expenditures (June 30, 1931 to June 30, 1945, inclusive) amounted to $384 billion of which $173 billion, or 45%, was obtained from budgetary receipts and the remainder or 55% was covered by Treasury borrowing. Expenditure for the fiscal year ending June 30, 1946 was estimated by the Director of the Budget, Aug. 30, 1945, at $66.4

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Cooperation of "Big Five" a Peace Essential

By CORDELL HULL*
Former Secretary of State

Promoter of UNO Asserts That Unspeakable Disaster Will Result Through Failure of Any of the Leading Nations of Recognize Their Common Interests and Harmonize Their Actions.

The successful launching of the United Nations on its primary function of maintaining international peace and security, which took place in London during the first six weeks of this year, was an event of the most crucial importance to the conduct of relations among nations at this time and for the years ahead. The United Nations has arisen out of the utterly disastrous experience of two World Wars in one generation, as well as from all mankind's age-long experience in striving for peace. It has come into existence because of the world's indispensable need for international machinery through which nations may reconcile their differences in unified efforts to maintain security and advance the welfare of all peace-loving peoples.

Hon. Cordell Hull

Its chief processes were carefully worked out over a period of years, first by experts after long study and investigation, and fur-

*Statement issued by Former Secretary of State Hull through the State Department, March 11, 1946.

(Continued on page 1386)

An Anglo-American Petroleum Agreement

By ALF M. LANDON*
Former Governor of Kansas

Mr. Landon, After Stating the Efforts to Bring About Orderly Development of the Oil Resources in U. S., Analyzes the Anglo-American Oil Agreement. Says It Contains a Grave Threat of Placing American Oil Industry Under International Control and, if the Agreement Becomes Multilateral, as Intended, Would Offer No Safeguard Against International Price Fixing. Holds Agreement Proposes an All Embracing Authority, to which He Is Opposed. Denies Oil Is a Source of International Strife.

The orderly development of crude petroleum is impressed with national interest. The oil industry for many years was almost criminally negligent in the waste of this vital and irreplaceable natural resource. I led the fight in Kansas that resulted in our first petroleum conservancy legislation. In 1933 I was the only Governor that responded to the invitation of President Roosevelt to attend a conference in Washington of the chief-executives of the oil states in an attempt to draft national legislation that would bring about a more orderly development of our oil resources from a conservancy point of view.

Alf M. Landon

I accepted the proposed national legislation and supported it. When it failed in the Congress the states resorted to a comparatively unused section of our constitution and brought about an orderly program in the development and production of oil by a compact between the oil states. Kansas was the first to ratify that compact. It has worked very satisfactorily and seventeen states are now a party to it.

Even those who were primarily opposed to state regulation are now convinced from the record that it has resulted in the preventing of waste in this vital natural resource by the conservation of an enormous amount of oil, that would not have otherwise been saved, except through the control of the different state commissions created at the instance of the Interstate Compact Commission.

While I supported the national legislation proposed in 1933, I am very glad that it did not pass. Had it been enacted into law, the oil industry would have suffered even worse than it already has, from the heavy hand of Federal Administrative Laws which some of us refer to as bureaucracy.

Prior to 1933 the Congress was careful to set out definite conditions and limitations upon the powers of the administrative boards it created. Business and industry knew that when, and only when, their activities fell within these limitations, would they be subject to the jurisdiction of the administrative board. An additional safeguard was the provision in the laws providing for administrative regulation that the business affected might resort to the courts.

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*An address by Mr. Landon before the Kansas Oil Men's Association, Wichita, Kan., March 12, 1946.

Davidson Trustee of B'klyn Savings Bank

Sidney W. Davidson was elected a trustee of The Brooklyn Savings Bank at the recent meeting of the Board of Trustees, it was announce today by Adrian Van Sinderen, President. Mr. Davidson is a member of the law firm of Gasser, Hayes & Davidson, 20 Pine Street, New York, and is Chairman of the Governing Committee of the Brooklyn Museum, as well as trustee of the Brooklyn Institute of Arts & Sciences, Pratt Institute and the Lawrenceville School.

Sidney W. Davidson

Jackson Dewar Joins Buckley Bros. Staff

SAN DIEGO, CALIF.—Jackson D. Dewar has become associated with Buckley Brothers, 625 Broadway. Mrs. Dewar in the past was an officer of Dewar & Company.

UNO—Greatest of Our Hopes

By DR. STOYAN GAVRILOVIC*

Chairman, United Nations Headquarters Planning Commission

Yugoslav Statesman Points Out That Though Peace Has Eliminated Much Strife and Hate, Humiliation, Despair, Hunger and Sorrow Still Remain. Calls United Nations Organization World's Greatest Hope, and Asserts That a Return to a Balance of Power Arrangement Will Again Lead World Into a System of Blocs Promoting Disunity, Discord and Strife.

It is a very special privilege for me to address this distinguished gathering and to say a few words about the United Nations, about this great association of countries and peoples which is working for the cause of universal peace, security, and orderly human progress. My opinion is that the most pressing task which is confronting us today is to further this momentous issue with all the energy and with all the means at our disposal. I believe that we must *all* do everything that lies in our power to promote this great peace enterprise which was created after two murderous and devastating wars at one of the most critical cross-roads in the history of mankind.

Dr. Stoyan Gavrilovic

The moments through which we are passing at present are still very tense. The war has just been terminated and has left us an inheritance which it is not always easy to deal with. Many and grave problems have arisen for which it is our duty to find a just and equitable solution. Problems of this kind follow in the wake of every major disaster, but in the case of the second World War they seem to be more complex than they have ever been before. The reasons are obvious. The world today is not only passing through an upheaval which is caused by the political and economic consequences of the past and furious struggles, but is also moving somewhat faster on its permanent road of evolution and progress. Many conflicting interests have to be reconciled, many territorial questions have to be settled, millions of hungry and destitute people have to be provided with food and other supplies, millions of orphaned children have to be given the necessary kindness and care, millions of refugees and derooted populations have to be offered a new home for themselves and their dependents.

An era of unprecedented hatred, brutality and greed may have been closed but an era of suffering, humiliation, despair and sorrow still remains to be ended. The material destruction in the geographical zones which were more closely exposed to the ravages of war is immense. I have seen some of it and I am sure it will take the labors of years and

*An address by Dr. Gavrilovic before the National Republican Club, New York City, March 9, 1946.

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"Can the United Nations Organization Succeed?"

By CHARLES A. EATON*

U. S. Congressman from New Jersey

Rep. Eaton, Asserting That Depite the Sombre and Discouraging Background, He Believes the San Francisco Conference Constitutes Our One Best Hope of Peace and Security, Cites Accomplishments of London Session of UNO, but Holds We Must Find an Answer to (1) Russia's Aggressive and Non-Cooperative Attitude; and (2) to Future Amity and Cooperation of Great Britain and the United States. Sees Need of American Support of Britain Against the Common Menace of Russian Policy and Program.

It is difficult, if not impossible, fairly and fully to evaluate the United Nations Organization in the present universal climate of political tension; economic uncertainties, nervous exhaustion; spiritual depression; moral torpor and mental confusion. Nevertheless even when viewed against this sombre and discouraging world background, I firmly believe that what was achieved at the San Francisco Conference constitutes a moral miracle and is our one best hope for world peace and security.

As the flames of war devoured the accumulated wealth of the ages; as, everywhere, men and women and children suffered and died; as political, economic and social systems were shaken to their foundations; as constructive statesmanship became bankrupt and freedom seemed to fade from the earth; there was born in the anguished hearts and minds of civilized peoples a common purpose to create for themselves, and for future generations, a new

*An address by Rep. Eaton (R.-N. J.) before the National Republican Club, New York, and broadcast over radio station WMCA, March 9, 1946.

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NASD Registration Amendments

U. S. Circuit Court of Appeals Declines to Compel SEC to Issue Order to Make Possible Review of Proceeding on Association's By-Law Amendments. Constitutionality of Maloney Act Should Be Tested.

With the brief disposition "Motion denied" the United States Circuit Court of Appeals for the Second Circuit has just disposed of the application of some 30 security dealers throughout the country, for a direction that Securities and Exchange Commission be compelled to enter an order in the proceedings which were conducted before it on recent NASD by-law amendments.

These amendments provided for the registration of salesmen, traders, etc., and empowered the Governors of the National Association of Securities Dealers to submit to its members by-laws which would control profits, commissions, and other charges.

Pursuant to them some 20,000 of the personnel of member firms have already been registered with the NASD.

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Frank Vroman Opens Office in Minneapolis

(Special to THE FINANCIAL CHRONICLE)

MINNEAPOLIS, MINN.—Frank Vroman is engaging in an investment business from offices in the Rand Tower under the firm name of Frank Vroman Co. In the past he was an officer of Greenman & Cook, Inc.

John M. Rogers With Pacific Co. of Calif.

LOS ANGELES, CALIF.—John M. Rogers has become associated with Pacific Company of California, 623 South Hope Street, members of the Los Angeles Stock Exchange. Mr. Rogers in the past was an officer of R. N. Gregory & Co.

Objects to Gestapo Methods of NASD

"An Outraged Member" Writes Its Executive Director That Policy of Organization Seems to Cast Doubt as to the Integrity of the Membership. Denounces Personal Examinations of Members as Impugning Honesty and Veracity of Individual Members and Sees in It a Scheme of Regimentation and of Curbing of Profits. Holds NASD Is More Interested in "5% Rule" Than in Having Its Members Distribute Only Sound Securities.

A securities dealer and member of the National Association of Securities Dealers, signing himself "An Outraged Member," has furnished the "Chronicle" a copy of a letter addressed to Wallace H. Fulton, Executive Director of the NASD, in which he protests against the policing tactics practiced by the organization on its membership. The full text of the letter follows:

Mr. Wallace H. Fulton,
Executive Director
National Association of
Securities Dealers, Inc.,
1835 K Street, N. W.
Washington 6, D. C.

Dear Mr. Fulton:

I was interested to read the excerpts from your annual report to the Board of Governors in the recent issue of NASD "News," and I note that you seem to feel that there is need for obtaining information as to the activity in some types of accounts handled by the members, but that you can hit upon no satisfactory method to ascertain this information.

Might I suggest that in connection with the questionnaire you simply request the members to state the number of transactions (on a principal basis) they had with each account listed in the questionnaire — both buys and sells.

You seem to be against the questionnaire method of examination and definitely in favor of the personal examination method and I note that you state that "the addition of *hundreds* of new members is another factor to be considered on the question of examination." In the earlier part of

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Public Utility Securities

House Heating by Electricity

In forecasts of the continued growth possibilities of the electric power and light industry, a good deal has been said about the possibilities of greater use of numerous household appliances—washing machines, water heaters, electric stoves, radio and television sets, electric irons, toasters, heating pads and the new electric blankets, refrigerators and freezing units, etc. Comparatively little mention has been made of house heating appliances, but these are important current consumers and their use appears likely to increase. Portable electric heaters — some with fans installed for greater efficiency—and even water radiators heated by electricity, are being advertised. As new building gets under way, it seems probable that, remembering the fuel difficulty of the wartime emergency, contractors and developers may install electric heaters in the walls of bathrooms and bedrooms to afford the luxury of quick heating facilities where they are most needed. The cost of such heat is expensive—several times the cost of ordinary furnace heat — but people will probably be willing to pay more for auxiliary or luxury heating—always quickly available. Perhaps the $8,000 GI houses will not have them, but the more expensive type of home built for a prosperous clientele at a later date may well go in for this sort of thing, just as it may feature the installation of "all electric kitchens" etc.

Central house heating by electricity—i.e., substitution of electricity for oil or coal in running the family furnace — remains a dream, however. While a utility company can buy coal more cheaply than the average citizen, so much energy is lost in turning heat into electricity at the power house, transporting it to an individual home, and again converting it into heat, that it takes just about four times as much coal to deliver the same heat.

Only where weather conditions are favorable (with mild but irregular winters) and hydro-electric power available on a very cheap basis, are houses being entirely heated by electricity. Some hundreds of homes are thus being serviced in Tennessee, California, Oregon, etc. In Portland (where Bonneville power is available at 7 mills) about 200 homes are being heated entirely by electricity, and hundreds of others plan to adopt it; but very few of these homes use electric furnaces—almost all of them use individual room heaters, heating by radiation and convection, with thermostatic control for each unit. This is economical since it permits heating only those rooms which are being actively used.

Of course electric house heating runs into strong competition from gas, when the latter is available cheaply. Despite the fact that in Seattle electricity can be obtained about as cheaply as in Portland, little attempt has apparently been made thus far to stimulate electric house heating, and the use of gas is being more aggressively pushed. In Southern regions where summer air-conditioning is desirable, Servel's new gas combination heating and air conditioning unit will probably be tried out extensively.

However, the electric industry has two important cards up its sleeve, with respect to house heating—radiant heating and the heat pump. Both are being used but need considerable further development to get into mass production. Radiant heating, as the name implies, depends on radiation as well as convection — the spreading of heat by ether waves (similar to light rays) as well as by convection, which depends on the motion of atoms in the air of a room. Radiation heats objects in the room, including individuals, without raising intervening air in the same degree. This method usually employs hot water pipes laid in the floor, heated perhaps to 80 or 85 degrees. Such heating is considered more efficient since it isn't necessary to heat the entire contents of the room, including the air. This form of heating is not new, but it has been neglected. It is already being used experimentally, and might be adopted for new buildings when the idea "takes hold."

The other development is the heat pump, also used at present in a number of buildings, but not yet available on a mass production basis for economical installation in the average home. This method has the great advantage of being readily adaptable for both heating and cooling. The principle is

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Crisis in the Stabilization Policy

By CHESTER BOWLES*

Director, Office of Economic Stabilization

Asserting That Inflation Is Our Greatest Single Danger, Mr. Bowles Contends That There Is an Immediate Crisis Threatened in Stabilization Program Unless Congress Continues Price Controls and Other Wartime Legislation. Attacks National Manufacturers Association, National Retail Dry Goods Association, Wall Street and Others as "Irresponsible, Reckless, Greedy Organizations" and Says Their Lobbies Endanger Our Democracy. Admits Mistakes in Stabilization Program but Contends That Without Price Controls and Subsidies "Stabilization of Our Economy Is Completely Impossible."

To say that we have been going through a crisis during the last few months is something of an understatement. There has been widespread dissension among us. There has been bitterness and disillusionment. We have found ourselves pulling in different directions with every group, blaming everyone else for the difficulties which inevitably confront us as we reconvert from war to peace.

Chester Bowles

If we stop to think about it, I belive we will agree that this situation was scarcely unexpected. For more than four years we had been concentrating all our efforts on an all-out war in all parts of the world. The problem of our economic reconversion from war to peace has been clear to everyone. The problem of reconverting our thinking, our loyalties, and our prejudices, although just as difficult, has been far less appreciated. It has not been easy overnight to adjust ourselves to the ways of peace. It will take time for all of us to realize fully that only by pulling together and working together can we achieve the kind of future which all of us seek.

Today those among us who are inclined to be pessimistic will find plenty to worry about. There is the problem of our relationships to Russia, a relationship which for the good of all the world must be worked out on a reasonable and friendly basis. There is the prob-

* An address by Mr. Bowles at the Annual Convention of the National Farmers Union, Topeka, Kansas, March 5, 1946.

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Reluctantly Recommends Continuation of OPA

House Special Postwar Committee, After Five Months' Study, Sees Need for Additional Year of Price Controls, but Holds Administration of OPA Can Be Greatly Improved. Recommends Five Amendments. Expresses Concern Over Price Inequities and Product Distortions and Urges Maintenance of Present Income Tax Rates and Curtailment of Federal, State and Municipal Expenditures as Well as Substantial Increase in Bank Reserve Requirements. Condemns Over-all Earnings Standard in Price Relief.

The House Special Committee on Postwar Economic Policy and Planning on March 6 recommended in its Ninth Report that the Price Control Act be continued in modified form for another year. Chairman Wm. M. Colmer (D.-Miss.) announced, however, that the Committee felt that effective control over inflationary forces would be impossible without the aid of strong fiscal and monetary counter measures.

Wm. M. Colmer

"The Committee approached the problem of wartime controls with the hope of being able to recommend a summary removal of most of them and the immediate return in our postwar economy to the American way of doing business without governmental restraints," Mr. Colmer said. "But after five months of study of the many problems involved, in which extensive hearings were held and representatives of industry, labor, consumers and government were heard, the Committee reluctantly reached the conclusion that such a course would most likely result in ruinous inflation and would react unfavorably not only to the wage earners and consumers but to business itself."

Mr. Colmer stated, "The Committee in its deliberations was confronted with two evils, continuation of governmental controls on the one hand and a paralyzing

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Full Speed Ahead With Railroads

By STEPHEN EARLY*

Vice-President, Pullman Company

Mr. Early Gives Two Reasons for Optimism on Railroad Outlook, viz: (1) the Great Promise Ahead for Industrial and Commercial Development, and (2) the Pent-Up Yearning for Travel That Permeates America. Cites Pressing Needs for New Equipment and Estimates Railroad Improvements Costing $1,636,000,000. Holds Despite Expansion of Air and Bus Lines, Rails Will Still Carry Lion's Share of Transportation.

When Alexander Pope wrote that often quoted and ever true line—"Fools rush in where angels fear to tread"—he described just how I feel today. For a spokesman of the railroad car-building industry to come into Detroit—the Automobile Capital of the world—and bring with him a topic like "Full Speed Ahead With America's Railroads"—makes me wonder if I am the man who suddenly found himself trying to beard the lion in his den.

Stephen Early

And yet, I know of no other two industries that have more in common today—more pressing problems to contend with—or more reasons for confidence in the future—than those of the automobile and the railroad. They are bound up so inseparably in the American economy that no matter what happens they will be among the first to feel and share its effects.

Both industries face what I believe will be one of the most promising periods in their respective histories. In every way 1946 and the years immediately ahead should mark new highs in the annals of peacetime transportation. While, undoubtedly, the activity recorded may not reach the peaks achieved during the war, we have all reason to expect that it will equal, if not surpass, anything we experienced in previous years of peace.

Reasons for Favorable Railroad Outlook

Two conditions give reason for such optimism. There are days of great promise ahead on the industrial and commercial fronts and there is a pent-up yearning for travel that permeates all America.

The Committee for Economic Development—after a wide survey—has predicted that in the next few years peacetime industrial production will run about 40% over 1939. There will be a great volume of durable and heavy goods—the kind that mean more ton-miles—larger and sustained demands on transportation. The certainty of a building construction boom, alone, can be translated into terms of traffic far exceeding what it contributed in the '20s. Wholesale and retail trade, supplying the scarcities built up over four long years, will add their loads.

In the passenger field there are similar prospects. One poll after another proves that millions of Americans are champing at the bit to start those trips and vacations they have been longing for ever since the war curtailed civilian travel. They have the money and they have the desire. Adequate means of travel must be ready for them.

The same holds true as to the commercial traveler. Since 1942 many businessmen and women have been kept in their home offices by travel restrictions. They want to renew outside contacts. Salesmen have found themselves retarded in covering their territories. Owners have been unable to keep in personal touch with distant enterprises. It has been a disconcerting situation for many

(Continued on page 1387)

*An address by Mr. Early before the Adcraft Club, Detroit, Mich., March 8, 1946.

Chicago Brevities

Operating results of Chicago firms for 1945 were as varied as factors affecting them, an analysis of the annual reports of 18 Chicago corporations reveals.

Where reconversion to peacetime operations was not a factor, the 1944 earnings level was generally maintained and in some cases exceeded.

In this category were merchandising firms whose sales as well as net topped 1944 peaks, despite merchandise shortages. Marshall Field & Co. reported net income equal to $2.35 a share on record sales compared with $2.11 a share for 1944. Helped by tax deductions against the loss incurred in the sale of the Merchandise Mart and disbursements for past service pension payments, net income for 1945 may be adjusted upward still further, Hughston McBain, President, stated, by additional tax credits for which application is being made.

Butler Brothers also reported an increase in per share earnings from $1.01 in 1944 to $1.36 for 1945, although the company paid out approximately $1,000,000 more in taxes last year than the year before.

Hart Schaffner & Marx earned $4.63 a share compared with $3.91 a share in 1944, after a contingency reserve of $100,000, equal to approximately 28 cents a share. No reserve for contingencies was included in the 1945 income account. As in the case of Marshall Field, the retail division of the clothing manufacturer made the best showing. Shipments of the manufacturing division were substantially lower than the year before, Meyer Kestnbaum, President, reported, while retail sales showed a "satisfactory" increase.

Relieved from wartime restrictions on manpower and materials, Illinois Brick was able to report a profit for the first time, with one exception, in the past 15 years. The sole exception was 1942 when the company earned 9 cents a share. Earnings for 1945 totaled $144,248, equal to 70 cents a share, compared with a loss of $49,601, in 1944.

Lag in construction and restricted activity in the construction industry was held responsible for the $39,583 loss reported by Fitz Simmons & Connell Dredge Co. last year. The company earned $2,329, or 4 cents a share, in 1944. While prospects are better for 1946, the improvement in earnings is expected to be gradual as large scale river and harbor work gets underway.

Container Corp. of America reported a drop in per share earnings from $2.64 in 1944 to $2.59 last year, despite the fact that consolidated sales were higher. Rising costs with unmoving OPA price ceilings were held responsible for the decline.

Belden Manufacturing Co., manufacturer of insulated copper wire, also blamed the price "squeeze" for a 15% decline in earnings last year. Per share earnings dropped from $1.95 in 1944 to $1.51 for 1945, although sales dipped only 3%. The company assailed "government interference with economic laws," and stated that "until we have free prices, made in free markets, future planning must be on a day-to-day basis."

Kellogg Switchboard & Supply Co., which went into civilian production without interruption immediately after VJ-Day, quadrupled its per share earnings, net for 1945 being equal to $1.38 a share compared with 30 cents a share the year before. The company reported a "considerable" backlog for switchboards and telephones which it supplies to various independent telephone operating companies, and also stated that a consumer product which it recently put on the market is meeting with marked success. The item, "Koiled Kord," is a retractable electrical cord used on telephones, irons, washing machines, and other electric appliances.

Dixie Cup Co., manufacturer of paper cups, food containers and similar products, earned $2.83 a share compared with $2.31 in 1944. Net in 1944, however, was after a $200,000 provision for war contingencies, which, had it been omitted, would have placed net for that year at $1,115,767, almost equal to the $1,019,677 reported for 1945. Sales, which were approximately the same would have been considerably higher last year, the company stated, had sufficient labor and materials been available.

While civilian business booked more than replaced the $12,000,000 war cancellations following VJ-Day, Link-Belt sales for 1945 were down and were reflected in a decline in per share earnings from $4.31 in 1944 to $3.72 last year. Extensive expansion and improvements in plants are contemplated by the firm in anticipation of a heavy demand for its products, W. C. Carter, President, stated.

Sales of International Harvester Co. were the second highest in history, but despite tax benefits which accrued from a $6,000,000 litigation settlement with Caterpillar Tractor, included in the 1945 income account, net was down to $4.42 a share from $4.61 the year before. What effect the strike against the company, which has already cost approximately $40,000,000 in sales, will have on 1946 income is open to question. Harvester reported a substantial increase in all its regular lines since the end of the war.

Earnings of General Finance Corp. for 1945, as throughout the war, came substantially from manufacturing activities, although net last year, equal to 99 cents a share, was somewhat lower than the $1.26 a share earned the year before. Receivables were up, however, and the company is now expanding its facilities to get an increased share of retail automobile sales financing, from which it derived the greater part of its revenues prior to the war.

Sales of National Tea Co. reached an all time peak, but the company was subject to the excess profits tax for the first time last year, and despite its record sales showing, reported a decline in per share earnings to $1.33 from $1.59 the year before. Combined Federal income and excess profits taxes last year amounted to $1.48 a share compared with an amount equal to $1.12 a share paid in taxes in 1944.

Albert Pick Co. suppliers of hotels, clubs, restaurants and institutions, reported an increase in earnings from 98 cents a share in 1944 to $1.10 last year. Sales of J. R. Thompson Co., operator of a restaurant chain, were down, however, and were reflected in earnings of $1.37 a share compared with $1.70 a share the year before. The restaurant chain is contemplating extensive new construction, its annual report stated, although building at present is hampered by costs and general conditions in the building industry.

Scarcity of meat, while still the company's chief problem, nevertheless, did not prevent tonnage, net sales, and net income of Mickelberry's Food Products Co. from reaching new all-time highs. The company reported net income equal to 91 cents a share compared with 80 cents a share in 1944.

Victor Chemical Works, operating at full capacity, earned $1.51 a share last year compared with $1.41 the year before, but stated that future outlook depends on the price situation. Wage advances given the steel industry are likely to affect Victor's basic wage structures, August Kochs, President, told stockholders.

Henry M. Dawes, President, Pure Oil Co., discounted fears of "destructive competitive practices that were rampant" in the pre-war period and held long-term prospects for the petroleum industry as favorable, in his annual report to stockholders. Basic conditions in the industry are sound, he said, and prospect of new discoveries of high potential profits is always present for those engaged in exploratory drilling, and a similar source of unpredictable profits is as inherent in the new techniques and equipment for refining oil.

While gross operating income of the company showed a decline of less than $1,000,000, consolidated net income for 1945 was down to $13,581,770, or $2.64 a share, from $16,392,178, or $3.13 a share, the year before.

Sincere & Co. to Admit Hosty, Jr. & Donoghue

CHICAGO, ILL.—Sincere and Company, 231 South La Salle Street, members of the New York and Chicago Stock Exchanges, will admit Thomas E. Hosty, Jr., and John W. Donoghue to partnership effective March 14.

Cerf Co. Now Corp.

CHICAGO, ILL.—Floyd D. Cerf Co., 120 South La Salle Street, is now doing business as a corporation. Officers are Floyd D. Cerf, formerly proprietor, President and Treasurer; Floyd D. Cerf, Jr., Vice-President; Bror G. Peterson, Secretary, and Gladys M. Cerf, Assistant Secretary. All have been conected with the firm for some time.

Ketcham and Nongard Form Investment Firm

CHICAGO, ILL. — Tuthill Ketcham and Richard C. Nongard, veterans in Chicago financial circles, are announcing the formation


Richard C. Nongard   Tuthill Ketcham

of a partnership to conduct a general investment securities business under the name of Ketcham & Nongard. Offices of the company are at 105 West Adams Street.

Both Ketcham and Nongard recently resigned as Vice-Presidents and Directors of Stifel, Nicolaus & Co., Inc., with which they had been associated for the past 15 years. Ketcham previously was a Vice-President of the Chatham-Phoenix Corporation and through 27 years in the financial field also had been associated with The First Boston Corporation and the William R. Compton Company. Nongard started his career in 1917 in the investment department of the Harris Trust & Savings Bank, where he remained for 13 years. He also is a former sales manager of the Chicago office of Otis & Co.

The new partnership will engage in the underwriting of general obligation and revenue municipal bonds as well as corporate stock and bond issues.

R. C. Conolly Opens

(Special to THE FINANCIAL CHRONICLE)

WAUKEGAN, ILL. — Robert C. Conolly is engaging in an investment business from offices at 223 Washington Street.

De Meester in Fairlawn

FAIR LAWN, N. J.—Henry De Meester is engaging in an investment business from offices at 227 Cyril Avenue. He was formerly a partner in Henry J. De Meester & Co. in New York City.

Central States IBA To Hold Conference

CHICAGO, ILL.—The 10th annual conference of the central states group of the Investment Bankers Association of America will be held on March 19, at the Palmer House, Chicago.

A very interesting program has been arranged for the day, starting with a municipal forum at 9:30 in the morning, at which Philip Klutznick, Commissioner of the Federal Public Housing Authority and Louis Schimmel, Director of the Municipal Advisory Council of Michigan, will speak. The luncheon meeting will be addressed by Henry J. Taylor, journalist, economist and author.

The speakers for the afternoon session will include Julien Collins, Chairman of the Education Committee of the IBA; Arthur Knies, partner of Vilas & Hickey; and P. P. Stathas, partner of Duff & Phelps.

Dr. William A. Irwin, educational director of the American Institute of Banking, will be the principal speaker at the dinner.

A large attendance is expected from members of the central states group, and quite a few out of town members of the investment banking fraternity will be in attendance.

Edward B. White Joins Shuman, Agnew Co. Staff

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, CALIF. — Edward B. White has become associated with Shuman, Agnew & Co., 300 Montgomery Street, members of the San Francisco Stock Exchange. In the past Mr. White was manager of the statistical department for Mitchum, Tully & Co.

Robert Lewis in Rockford

(Special to THE FINANCIAL CHRONICLE)

ROCKFORD, ILL. — Robert G. Lewis has opened offices in the Forest City Bank Building to engage in a securities business.

Ebaloy, Incorporated

Demand for New Products Encouraging

Ebaloy, Incorporated, of Rockford, Illinois, is the outgrowth of a company originally organized in 1852. They manufacture aluminum, bronze and magnesium castings and soon after V-J Day started producing a line of houseware utensils, including food choppers, mail boxes, meat tenderizers, fruit juicers and ice crushers. The demand for these products, informed quarters say, has been beyond expectation and a large backlog of orders has been built up. Sears, Roebuck & Co. has listed the mail box in their latest catalog.

Webber-Simpson & Co. of Chicago recently offered to the public 75,000 shares at $8 per share, and they report a large over-subscription. All proceeds was used for corporate purposes including the retirement of all preferred stock and payment of the first mortgage. The entire capitalization of the company is now represented by 188,372 shares of common stock $1 par value.

Brailsford Now Inc.

CHICAGO, ILL.—Brailsford & Co., 208 South La Salle Street, member of the Chicago Stock Exchange, is now doing business as a corporation. Officers are Walter R. Brailsford, President; Roy Iverson, Vice-President and Treasurer; Hubert S. Conover, and Edward M. Burke, Vice-Presidents; and W. Bradshaw Egan, Secretary. All were formerly partners in the firm.

Miss Meves Reelected By La Salle St. Women

CHICAGO, ILL.—Miss Florence M. Meves of A. G. Becker & Co. Incorporated, was re-elected President of La Salle Street Women, which began its fifth year on March 1. The others who took office at the same time are: Miss Kathryn Coger of The Northern Trust Company, Vice-President; Miss Colina Clow, Recording Secretary; Miss Elizabeth Norse of Sheridan, Farwell & Morrison, Inc., Corresponding Secretary; Miss Eleanor Karcher of Channer Securities Company, Treasurer.

Florence M. Meves

The first dinner meeting of the new year will be held on Tuesday, March 19, at 6:15 p.m. at the Electric Club, 38th Floor, Civic Opera Building, 20 North Wacker Drive. Mr. Jacques W. Walch, Central and Southern Director of the French Press and Information Service in charge of its Chicago office, will address the group on "France Today."

Mr. Walch fought with the French Air Force throughout World War I. As a longtime follower of General deGaulle and consistent critic of Marshal Petain, he wrote "Petain: Verdun to Vichy" under the nom de plume of "Francis Martel."

Ed. Prince to Manage Bennett, Spanier Dept.

CHICAGO, ILL.—Edward J. Prince has become associated with Bennett, Spanier & Co., 105 South La Salle Street, as manager of their newly formed municipal department. Mr. Prince for a number of years has been connected with Barcus, Kindred & Co.

Real Estate Securities

"Memoranda"

Speaking of "Bull Markets," some remarkable prices have been estabilshed for real estate stocks. For instance, Hotel Waldorf-Astoria common stock selling at $11 a share, sold at 10¢ a share three years ago and 551 Fifth Avenue stock has gone up from 25¢ a share to $21 a share in the same period of time. . . . These are not just isolated cases, but just an example of many similar situations.

Traders are wondering at the apparent discrepancy in the prices of the Equitable Office Building securities. . . . Under the plan of reorganization, each debenture bond will be entitled to 196 shares of new stock and each old share of stock will be exchangeable for 1/10th of one share of new stock. The old stock is now selling on the New York Stock Exchange at about $4 a share, so that in order to get 196 shares of the new stock, you would have to pay $7,840, while you can get the same amount of stock for $1,500 by buying one debenture at the current market of 150.

Speaking of real estate stocks, the tremendous success that the Academy Award picture "Lost Weekend" has had at the Rivoli Theatre in New York is bringing attention to the stock of United Artists Theatre Circuit. In addition to the ownership of this Theatre, the company also operates directly two theatres in California, also owns the entire stock of United Theatres of California, Ltd., which operates about 50 theatres in California. It owns 50% of Metropolitan Playhouses, Inc., which has about 80 theatres in the metropolitan area of New York; also owns 50% of Robb & Rowley United, Inc., which has a circuit of about 60 houses in Texas, Oklahoma and Arkansas. Boulevard Theatre Co., Inc., 100% controlled, owns Gauman's Greater Hollywood Theatre; Chicago - United Artists Theatres Corporation, 100% controlled, owns and leases the Apollo Theatre in Chicago.

The wide interest in real estate securities has been establishing some new high prices for junior real estate debt. It is hard to understand some of the high prices for second mortgage bonds in the face of the first mortgage bonds selling at a discount. As an example, the first mortgage bonds of 165 Broadway sell at 76 and the second mortgage bonds at 26. It would seem that if the market price of the second mortgage bonds is correct, the first mortgage bonds should sell at par. On the other hand, maybe the second mortgage bonds are selling at prices too high . . . personally we do not care for junior debt securities as an investment, but far be it from us to belittle any real estate security in this market . . . especially after the announcement this week that the third mortgage leasehold bonds on the Squibb Building (Jones Estate 6s 1953) will be paid off at par April 1st. These bonds sold at plain 9 only three years ago.

Notice has been given that the bonds of 31 Broadway are being refunded at par, only a couple of years after reorganization. Cheap money rates and the demand by institutions for mortgages is attracting attention to real estate bonds with short maturities. . . . With the danger of General Motors vacating the Broadway Motors Building at the expiration of their lease in 1948 becoming less and less of a threat because of the inability of having a new building constructed for them in time, these bonds, due in 1948, might be worthwhile looking into. Deferred interest of 15% plus a 5% bonus is payable on or before maturity.

A fight for the control of the Sherry Netherland Hotel seems to be in the wind. The management has already started soliciting proxies for the annual meeting in May. Their opponent is A. S. Kirkeby, recent buyer of the Hampshire House and Warwick Hotels in New York and owner of the Gotham Hotel in New York, Drake in Chicago, Beverly Wilshire in Los Angeles and National Hotel in Cuba.

Proposed 10% tax on rental of hotel rooms in New York City will be fought by hotel operators as discriminatory legislation.

James F. Hughes With Auchincloss, Parker

James F. Hughes, market analyst and economist, has become associated with the stock exchange firm of Auchincloss, Parker & Redpath, 52 Wall Street, New York City, it is announced.

Mr. Hughes, has served with Dr. B. M. Anderson, former economist of the Chase National Bank, and Col. Leonard P. Ayres, economist for the Cleveland Trust Company, as well as with Smith, Barney & Co. He is a member of the American Statistical Association and has been President of its New York Chapter for the past three years.

At the Sign of "Ye Olde Silver Dollar"

Ira G. Jones, of the Boston office of National Securities & Research Corporation, was tossing away shiny cartwheels at the New York Security Dealers annual dinner on March 8, giving the boys a lasting souvenir instead of a headache.

Outlook for Private Foreign Investments

By H. B. McCOY*

Division of Industrial Economy, U. S. Department of Commerce

Government Economist Maintains That Notwithstanding the Large Volume of Credit Afforded by the Government and Its Agencies to Assist Foreign Trade and Reconstruction, There Is Still a Large Amount of Both Short and Long-Term Financing to Be Met by Private Foreign Investment. Asserts Foreign Investments, as a Whole, Have Proven Advantageous to Us and That There Are Now New Opportunities to Place Funds Abroad. Looks for Future Private Foreign Investments Aggregating Billions of Dollars and Says Government Bureaus Are Ready to Furnish Information and Assistance to This End. Cautions That Loans Must Be for Productive and Sound Economic Purposes With Full Knowledge and Study of Facts.

The hopes of millions of people are centered on the progress of the United Nations Organization in establishing a framework of cooperation between nations to achieve world security and to forever outlaw war. It is vitally important to constantly remind ourselves and others that world security, if it is to be an accomplished fact, means the elimination of both military and economic warfare. After two great conflicts in one generation bring death, destruction, hunger and disease, and the undoubted prospect that a future war would unloose atomic power without restraint, the two most universal demands of mankind are for political security—freedom from wars of aggression and defense—, and economic security, a chance to earn a livelihood and live a better life.

H. B. McCoy

I need not remind you who are engaged in foreign trade that world economic security — on which world peace so largely depends—can exist only if nations have the will and the opportunity to exchange freely goods and services among themselves. An expanding international trade is as essential to our economic life as it is to other nations. To you these are elementary facts. These questions then arise: what are the prospects, both for the short and long terms, for reaching and sustaining a level of international trade that will provide employment and income necessary for a prosperous world? What is being done and what needs to be done in the future to foster and develop of enlarged international trade?

*An address made by Mr. McCoy at a meeting of the Commerce and Industry Association of New York. March 7, 1946.

(Continued on page 1381)

British Defaulted Foreign Bond Holdings

By PAUL EINZIG

Correspondent Reports That British Holders of Foreign Bonds in Default Are Not Receiving Much Encouragement or Aid From Their Government, Despite That Some of These Loans Were Sold in England Under Former Labor Governments. Notes Changed Position of Britain in Foreign Financing, Which May Invite Additional Defaults, Though in Some Instances Countries Once Indebted to the British Are Now Creditors of British.

The Chancellor of the Exchequer has been subject to much criticism lately owing to his unfriendly attitude towards the rights and interests of British holders of foreign bonds. In a statement made in the House of Commons he laid down the principle that reparations claims are to enjoy priority over bondholders' claims in the case of Japan. The same principle applies presumably also to claims against Germany, although it is possible that the Treasury will have to admit the strong moral claim of holders of Dawes and Young loans, on the ground that they were issued under the patronage of the Treasury as part of international schemes to which the British Government was a party; that the proceeds went toward German reparation payments to the Treasury; and, last, but by no means least, in 1924

Paul Einzig

(Continued on page 1381)

The Nation's Defense Problem

By HON. ROBERT P. PATTERSON*
Secretary of War

Decrying Our Weak Disarmament Policies Which Forced Us Into Past Wars, the Secretary of War Advocates the Following Steps as Basic to a Program of Strength: (1) a Single Department of the Armed Forces; (2) Universal Military Training on a Civilian Basis; (3) a Well Trained, Well Equipped National Guard; (4) a Vigorous Program of Scientific Research to Develop the Most Effective Weapons. In Discussing Short-Range Policy, He States That for Occupation and All Other Service Purposes 1½ Million Men Will Be Required on July 1. For the Needed Increase in Recruiting Mr. Patterson Advocates as Stimulants: a 20% Increase in Pay, Better Opportunities for Promotion and Advancement, and Higher Public Regard for the Soldier's Profession.

I know of no problem as important to the nation as that of its defense in the times ahead. Weakness will be no solution. It will generate nothing but contempt. We have followed that practice in the past, with the result that we have been forced into war after war. When the advocates of national disarmament were expounding their case to Congress a few weeks ago, a young ex-sergeant of Marines said: "They are doing it to us again."

Robert P. Patterson

It is a prime lesson of history that the mere show of strength makes unnecessary the later sacrifice of life. To provide the strength we should adopt these basic features of military policy, adopt them as the surest means of keeping out of war: a single department of the armed forces, thus giving the United States a united military establishment; a program of universal military training on a civilian basis, to provide a strong reserve of trained manpower; a well-trained, well-equipped and well-led National Guard; and a vigorous program of scientific research and development, to make sure that the most effective weapons are available if needed.

There is no menace in this, no threat to anyone's peace. This Nation will never go on the warpath. No one can point to a case where a democratic nation with free speech and free press, made itself a nuisance or a menace to its neighbors.

What I have just said has to do with steady, long-range policy. Tonight I will speak in more detail on short-range policy—on manpower, to be exact.

The Army needs men. During the war, we got them in both quantity and quality, and those men made history. They brought us the greatest victory of all times. The need for men of the right type is just as pressing now. The qualities that won victory in battle are the same as those required to win and maintain the peace.

The Army today has as its foremost task the occupation of Germany and Japan. It must root out the remnants of the military machines. It must completely demilitarize the occupied areas. It must supervise the establishment and maintenance of governmental processes that will not disturb the future peace of the world.

In this mission, the men in uniform are the most important element. They must possess courage, tact, technical skill and human understanding for their difficult role. The Army's men are more important than the Army's weapons or the Army's machines.

Today we are getting men, for the most part good men. But we are not getting enough of the high caliber needed for such vital assignments as now confront our soldiers. Army recruiting has broken all records with more than a half-million volunteers. We are still getting some men through Selective Service. Our program, however, calls for 1,500,000 men in the service on July 1. That figure, the result of careful scrutiny of our needs by our overseas commanders and General Eisenhower, is the lowest possible figure if the Army is to perform its mission efficiently.

During the year following June 30 we shall have to demobilize many additional thousands of

(Continued on page 1384)

*An address by Secretary Patterson before the Overseas Press Club, New York City, Feb. 28, 1946.

Dealer-Broker Investment Recommendations and Literature

It is understood that the firms mentioned will be pleased to send interested parties the following literature:

Annual Review of Special Offerings and Secondary Market Distributions — Comparative figures and summary for 1940-1945—Shields & Co., 44 Wall Street, New York 5, N. Y.

Bank and Insurance Stock Digest—Containing interesting figures on Casualty Co. earnings—"Statutory" vs. "Case-Basis"—Geyer & Co., 67 Wall Street, New York 5, N. Y.

Business Booms and Depressions including all wars from 1775 to 1946—a graphic picture of American Business and Financial Cycles—on request—Security Adjustment Corp., 16 Court Street, Brooklyn 2, N. Y.

Canadian Stocks—list available showing earnings, price range, dividends and yields of over 100 representative industrial companies—Charles King & Co., 61 Broadway, New York 6, N. Y.

Geared to the News—brochure of comment and review containing brief analyses of **Philip Carey Manufacturing Co.; Sargent & Co.; The Upson Company; Lawrence Portland Cement Co.; The Parker Appliance Co.; Pettibone Mulliken Corp.; Armstrong Rubber Co.; Ohio Leather Co.; American Furniture Co.; Punta Alegre Sugar Corp.; Haytian Corporation of America; Latrobe Electric Steel Co.; Ray-O-Vac Company; Fort Pitt Bridge Works and Welch Grape Juice Co.**—Strauss Bros., 32 Broadway, New York 4, N. Y.

Investment Company Shares for Estates—Memo on interesting features—North American Securities Co., Russ Building, San Francisco 4, Calif.

Manual of St. Louis Bank Stocks—1946 Edition—Containing factual information on principal banks in and around St. Louis—G. H. Walker & Co., Broadway and Locust, St. Louis 1, Mo.

Milling Machine Industry—Comparison between two leading stock issues of the larger companies engaged in the milling machine industry, both of which companies show strong current asset value per share and have a good history of earnings and dividends—Ask for Letter MF—Blair F. Claybaugh & Co., 72 Wall Street, New York 5, N. Y.

Philippine Gold Stocks—Analysis covering **Big Wedge, I. X. L. Mining, Masbate Consolidated,** and **United Paracale**—F. Bleibtreu & Co., Inc., 79 Wall Street, New York 5, N. Y.

Precious and Non-Ferrous Metals—Review of Business and Financial Conditions—Hirsch & Co., 25 Broad Street, New York 4, N. Y.

Aerovox Common—detailed circular—Amos Treat & Co., 40 Wall Street, New York 5, N. Y.

Allis Chalmers Manufacturing Co.—Detailed analysis on peacetime consumption outlook—H. Hentz & Co., 60 Beaver Street, New York 4, N. Y.

Also available is the "Fortnightly Investment Letter" featuring **Utility Earnings Outlook For 1946.**

American Forging and Socket—Circular—De Young, Larson & Tornga, Grand Rapids National Bank Building, Grand Rapids 2, Mich.

American Phenolic Corporation—Analysis—J. F. Reilly & Co., Incorporated, 40 Exchange Place, New York 5, N. Y.

American Service Co.—Circular—Adams & Co., 231 South La Salle Street, Chicago 4, Ill. Also available is a recent circular on **E. & G. Brooke Iron Co.; Michigan Steel Casting Company** and **National Terminals Corp.**

(Continued on page 1387)

Railroad Securities

Late last week the when-issued securities of Seaboard Air Line turned active and strong, presumably on a growing belief on the part of speculators and investors that regardless of the outcome of recent Senate committee hearings on reorganization procedure in general there will be no interruption in consummation of the Seaboard reorganization. Most railroad analysts attending the hearings are inclined to support this view even though a transcript of the Senate proceedings would indicate that it is far from a foregone conclusion. Also contributing to the renewed interest in this road's securities have been rumors that when the reorganization is completed control will rest with interests that have become widely prominent in the railroad field in recent years. Considering that the stock will be deposited under a voting trusteeship and that under the terms of the reorganization plan the United States Government will emerge as the largest stock holder such rumors would appear to have little basis in fact.

It is probably natural that considerable speculative interest should attach to the securities of the Seaboard, which is scheduled to emerge from receivership around the beginning of April. These are the only railroad securities currently traded on a when-issued basis where there appears to be a reasonable likelihood that the plan will be consummated and the securities actually issued. In all of the other pending reorganizations there is too great a chance that new legislation will nullify the plans and result in cancelling of the when-issued contracts.

While there may be some psychological excuse for the renewed speculative interest in Seaboard securities many rail men feel that basically the common stock at least has little appeal at recent levels in the middle 30s. It is considered doubtful if normal earning power and dividend prospects will be sufficient to support the recent price. It is also being pointed out that the effective date of the plan is January 1, 1946 so that there are no back years' earnings out of which dividends might be expected within a reasonable time after release from the court. Common stock dividends are payable out of any year's earnings only after provision has been made for payment of income bond interest and preferred dividends out of the years net. The initial dividend on Seaboard common, therefore, would have to wait at least until the management had determined the 1946 earnings and had set aside from those earnings the interest on Income bonds and dividend on the preferred stock payable in 1947.

It is true that Seaboard was reporting earnings during the war which on a pro-forma basis would indicate a very substantial balance for the junior equity. However, along with the rest of the industry Seaboard has been showing a rapid decline in earnings before Federal income taxes and after adjusting for distortions of accelerated amortization in the closing months of 1945. Eliminating the amortization, adjusting for the proposed fixed charges, and applying a Federal income tax of 38% Seaboard' earnings on the common last year would have been close to $11.00 a share. This is rather high in relation to the price at which the stock has been selling. However, it would represent a drop of over 50% from 1944 results figured on the same basis. This sharp drop resulted from a decline of less than 8% in gross from 1944 to 1945.

The 1945-1946 drop in gross will unquestionably be much wider, even without a resumption of steamship competition. In fact in the initial month of the year revenues were off 15.5%. There was no corresponding curtailment of operating costs (transportation costs were down only 2.1%) and net revenue from railway operations, before taxes, was more than 31% below a year earlier. This is without any allowance for prospective wage increases which will be retroactive to the beginning of 1946. A 15% wage increase based on 1944 pay rolls would cut common share earnings of Seaboard by more than $5.00. Pay rolls this year will not be at the 1944 level but counteracting that, the wage increase granted railroad labor will probably be greater than 15%. All in all, it is difficult to see just how Seaboard is going to show much, if any, earning power on its stock this year except, possibly, through the medium of tax carry-backs. Next year there will probably be some rate relief to offset the higher wages, but also next year Seaboard will probably begin to run into renewal of competition from the steamship lines.

NSTA Notes

SECURITY TRADERS ASSOCIATION OF NEW YORK

The Security Traders Association of New York announces that tickets for members and guests attending the annual dinner to be held at the Waldorf-Astoria Hotel on April 26 will be $11 per person, which includes all taxes.

Reservations exceeding 1,000 have been received and all members who have not made reservations are urged to do so immediately. Dinner reservations may be made through John F. McLaughlin, McLaughlin, Reuss & Co. (HAnover 2-1355) and hotel reservations through Duke Hunter, Hunter & Co. (WHitehall 4-2968).

Leslie Barbier, G. A. Saxton & Co., reports all the STANY bonds have been sold.

ATLANTA BOND CLUB

At the annual meeting of the members of the Atlanta Bond Club held on March 6, J. F. Settle was elected President, J. R. Hirschberg was elected Vice-President, and R. C. Mathews, Jr., was elected Secretary and Treasurer.

J. Fleming Settle

Julian R. Hirshberg

Mr. Settle is President of J. H. Hilsman & Co., Inc.; Mr. Hirshberg is President of Norris & Hirshberg, Inc., and Mr. Mathews is Assistant Vice-President of the Trust Company of Georgia.

Raichle & Fuller With Boettcher & Co.

(Special to THE FINANCIAL CHRONICLE)

DENVER, COLO.—John W. Fuller, Jr. and Joseph L. Raichle have become associated with Boettcher and Company, 828 Seventeenth Street, members of the New York Stock Exchange. Mr. Fuller is rejoining the firm after three and one-half years in the U. S. Navy. Mr. Raichle, prior to serving in the Navy, was manager of the local office of Harris, Upham & Co.

Keogh Named Trustee of East N. Y. Bank

Eugene J. Keogh, Representative in Congress and partner in the law firm of Halpin, Keogh & St. John, has been elected a trustee of the East New York Savings Bank.

Edward T. Volz Now With John Douglas

(Special to THE FINANCIAL CHRONICLE)

OMAHA, NEB.—Edward T. Volz has become associated with John M. Douglas, Insurance Building. Mr. Volz was formerly with Lazard Freres & Company and Wachob Bender Corporation.

1846 1946

As it completes One Hundred Years of Transportation Progress . . .

PENNSYLVANIA RAILROAD REPORTS FOR THE YEAR 1945

INCOME STATEMENT

		Year 1945	Comparison with 1944
INCOME:			
Operating Revenues	Freight	$603,561,529	D $70,833,779
	Passenger	258,864,371	D 1,940,611
	Mail	14,821,654	D 21,015
	Express	10,836,165	D 1,327,154
	Other	48,369,692	I 560,058
		936,453,411	D 73,562,501
Other Income—chiefly dividends and interest on securities owned		*42,990,622	I 3,717,973
Total		979,444,033	D 69,844,528
EXPENSES:			
Operating Expenses		783,947,431	I 47,628,686
Taxes		54,340,013	D 98,498,395
Equipment and Joint Facility Rents		10,985,428	D 901,265
Rent for Leased Roads, Interest on Debt, etc.		81,162,923	D 2,361,361
Total		930,435,795	D 34,132,335
Net Income		49,008,238	D 15,712,193
DISPOSITION OF NET INCOME:			
Appropriations to Sinking and Other Funds, etc.		3,680,996	I 436,438
Retirement of Debt—Pennsylvania R.R. Co.		†	D 18,767,970
Dividend of 5% ($2.50 per share)		32,919,385	—
Balance of Income		12,407,857	I 2,619,339

*Includes dividend of $5,000,000 (par value) in securities received from Pennsylvania Company.

†$21,189,880 of debt was retired from current cash and other assets in 1945.

RESULTS FOR THE YEAR

The high level of business that prevailed during the war years continued during 1945, the volume being the third largest in the Company's history, and exceeded only in 1943 and 1944.

Costs of operation constantly increased due to higher costs of labor and higher costs of materials. Operating revenues of the Company declined $73,562,501, caused by the cessation of hostilities and labor disturbances in some of the larger industries. Expenses of operation increased $47,628,686, including $41,395,479 to cover the unamortized portion of the cost of emergency facilities required for the prosecution of the war. The Net Income in 1945 was $49,008,238 compared with $64,720,431 in 1944, a decrease of $15,712,193. Notwithstanding this decrease in Net Income, dividends paid in 1945 were maintained at the same rate paid in 1944, 1943 and 1942—5% ($2.50 per share).

TRANSPORTATION FOR THE FUTURE

The country's vast system of airways, highways and waterways will be expanded at the Government's expense, while all of the improvements for the railroads will be privately financed. The problems with which the railroads are faced as a result of the war should have intelligent consideration by state and national authorities wherever regulation restricts the opportunity for the rails to move forward.

The railroads want no subsidy; they want equity. They are a heavily taxed industry competing with subsidized industries, and all they ask is equality of opportunity.

As the railroads planned to meet the requirements of war, so they are planning for the opportunities of peace, and given a fair and equitable chance they will furnish the public the best in freight and passenger service.

TAXES

The Pennsylvania Railroad Company during the war years paid in taxes and disbursed for improvements and repairs, to meet the war load a sum of money equal to the entire debt upon the property. A national railroad system without any debt would place the railroads in the same position as their competitors, as the Government furnishes a large amount of the capital for the waterways, the highways and the airways.

● There was much deferred maintenance during the war period. The Interstate Commerce Commission gave the railroads authority to create reserves to meet this situation. The taxation system, however, would not permit them to take any tax benefit on reserves so created, and money that should have been set aside for this purpose was taxed the same as other income. Deferred maintenance must, therefore, be paid out of post-war earnings, and the more the post-war earnings are siphoned off through taxation, the less will be the money the railroads can spend on rehabilitation and improvements.

Railway taxes, after adjustment by tax credits of $24,443,381 for prior war years, together with Unemployment Insurance taxes of $12,741,141, and Railroad Retirement taxes of $13,802,891, aggregated $54,340,013.

LEGISLATION

To clarify the intent of Congress with respect to carriers subject to the Interstate Commerce Act, and to resolve any regulatory conflicts with the Antitrust laws, Congressman Bulwinkle of North Carolina introduced a bill, H. R. 2536, known as the Bulwinkle Bill, which gives such carriers protection from the Antitrust laws only to the extent that their acts and procedures have obtained prior Commission approval. The Bill was endorsed by the Interstate Commerce Commission and numerous state commissions, and by public and commercial bodies and by shippers and producers generally. It was passed by the House by a large majority and now awaits action by the Senate.

To insure consistent policies with respect to legislation, and the future efficiency of the transportation system, the Bill is worthy of the earnest support of the people, who have recently seen the vital importance to the nation of the ability of the carriers to work together in the public interest.

FREIGHT AND PASSENGER RATES

The railroads have done the war job with practically no increase in freight rates and a relatively small increase in passenger fares—2/10 of a cent per mile in basic coach fares and 3/10 of a cent per mile in fares good in Pullman cars.

The year 1946 will be one of greatly increased cost of operation and maintenance with a decreasing business, and it is therefore imperative to consider the need for increased railroad freight rates.

The railroads were granted a 5% increase in freight rates, in May, 1942, which however was suspended until six months after the war; but, as the situation appears to be developing, it will be necessary for the railroads to petition the Interstate Commerce Commission for an increase greater than that under suspension, in order to meet greatly increased expenses and avoid deficit operation.

Large expenditures must be made for the rehabilitation of the railroads. All of these necessities will require money in large amounts. Money requires credit, and the credit of the Company is very much affected by the rates at which the business is carried.

REDUCTION OF FUNDED DEBT

Maturities during the year amounted to $11,807,880, which together with other debt retired and canceled amounting to $9,382,000, made a total reduction of $21,189,880 in 1945. This reduction was offset, in part, by the issuance of $16,290,000 Equipment Trust Obligations.

In addition, as a result of refinancing of bonds and purchases from the public, other debt of System Companies was reduced $5,380,087.

The debt of the System in the hands of the public was, therefore, reduced $10,279,967 in 1945, making a net reduction of $148,670,000 during the last six years.

REFINANCING OF BONDS

The Company continued its policy of taking advantage of the prevailing money rates to refinance certain of its bonds, as well as those of its affiliated companies, and was able to make some very advantageous refundings, from which it will ultimately realize approximately $47,000,000 of savings.

EQUIPMENT

The ending of the war made it possible to acquire materials for construction of passenger cars, and there are under construction one hundred and twelve modern passenger train cars, of lightweight construction, of which ninety are being built in Altoona Shops, and twenty-two by an outside builder. They are the finest type ever to be built for the Company, and are especially designed for safety.

Since the close of the year, orders have been placed with outside builders for the construction of two hundred and fourteen passenger train cars, of which one hundred and fifty-nine are to be sleepers, for the improvement of the post-war passenger service on the railroad.

■ Twenty-five of the largest and most modern steam freight locomotives and tenders were placed in service during the year. Orders were placed for fifty additional steam passenger locomotives and tenders and part of the order was delivered. One Diesel electric passenger locomotive was delivered during the year, and ten more were ordered.

EMPLOYES

As we come out of the war and enter the peace, it is a pleasure to acknowledge the efficiency and loyalty of the employes of the Pennsylvania Railroad and their devotion to duty.

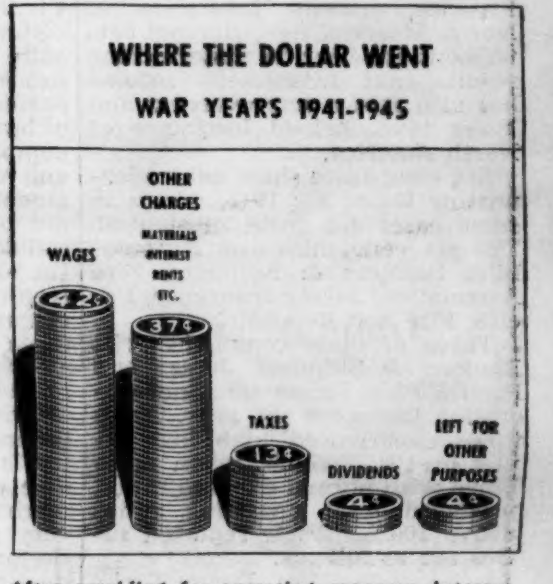
From the low ebb of the depression in 1938, with a depleted force, the Company moved into the heavy traffic of the war, met the peak load of its history, both passenger and freight, and is moving into the reconversion era. The Management wishes to acknowledge the splendid way the employes served their Country and the Company by meeting successfully every emergency they were called upon to face.

STOCKHOLDERS

The growth and expansion of the Company during the one hundred years of its existence is reflected in the number of shareholders, the shares outstanding and their distribution. When the Company was chartered there were 2,635 subscribers to the original issue of 60,257 shares of stock of the par value of $50 each, being an average holding of 22.87 shares by each subscriber.

On December 31, 1945, there were 214,995 holders of stock, and the number of shares outstanding had grown to 13,167,754. The average holding was 61.24 shares.

M. W. CLEMENT, *President.*



After providing for operating expenses, interest, rentals and other necessary charges, over half the remaining income went to taxes.

There has been a steady and substantial reduction of funded debt in the hands of the public, as this graph shows. Over the last six years the Pennsylvania Railroad System debt has been reduced $148,670,000.

A BRIEF HISTORY of the railroad's growth and development over the hundred years since its founding April 13, 1846, is included in the Annual Report sent to stockholders. Copies of it may be had by writing Office of the Secretary, Broad Street Station Building, Philadelphia, Pa.

PENNSYLVANIA RAILROAD

Serving the Nation

BUY UNITED STATES SAVINGS BONDS

Bank and Insurance Stocks

By E. A. VAN DEUSEN

This Week — Insurance Stocks

This week we present 1945 operating results per share of stock, for 16 representative stock fire insurance companies, compared with 1944. The figures are for parent company only, and have been compiled from Best's Bulletin Service, based on the filed convention statements of the companies.

	1944				1945			
	Net Und. $	Net Inv. Income $	Federal Taxes $	Total Net Oper. $	Net Und. $	Net Inv. Income $	Federal Taxes $	Total Net Oper. $
Aetna Insurance	—0.18	2.14	0.00	1.96	0.10	2.26	0.02	2.34
Agricultural Inst.	0.71	4.54	0.24	5.01	0.05	4.50	0.82	3.73
American Alliance	0.06	1.41	0.05	1.42	0.01	1.37	0.08	1.30
Automobile	1.33	1.83	0.39	2.77	—0.19	1.94	0.03	1.72
Bankers & Shippers	—3.51	5.19	0.03	1.65	—7.40	4.62	0.05	—2.81
Camden	—0.10	1.27	Cr0.05	1.22	0.48	1.27	0.03	1.72
Fire Association	—0.64	3.93	0.02	3.27	—0.50	3.96	Cr0.03	3.49
Great American	0.16	1.29	0.08	1.37	0.17	1.27	0.09	1.35
Insur. Co. of N. A.	2.06	4.32	1.00	5.38	1.72	4.66	0.74	5.64
Jersey Insurance	—1.79	2.54	0.02	0.73	—3.88	2.40	0.02	—1.50
North River	0.57	1.19	0.35	1.41	0.46	1.16	0.36	1.26
Pacific Fire	—3.93	6.28	Cr0.06	2.41	—8.52	6.08	0.10	—2.54
Phoenix	0.30	3.35	0.11	3.54	0.66	3.41	0.33	3.74
Republic	0.35	1.49	0.21	1.63	—0.70	1.58	0.29	0.59
U. S. Fire	1.41	2.68	0.73	3.36	0.68	2.65	0.52	2.81
Westchester Fire	0.53	1.82	0.40	1.95	1.11	1.83	0.60	2.34

It will be observed that six of the 16 companies report better net operating profits for 1945 than for 1944. The companies are: Aetna, Camden, Fire Association, Insurance Co. of North America, Phoenix and Westchester. In each instance, except Insurance of North America, the principal betterment has been in underwriting results; net investment income has also shown improvement and lower taxes helped Insurance of North America.

Six companies show net underwriting losses for 1945, which in some cases are quite substantial. The six companies are: Automobile, Bankers & Shippers, Fire Association, Jersey Insurance, Pacific Fire and Republic.

Three of these companies, viz: Bankers & Shippers, Jersey and Pacific Fire, report total net operating losses for the year. These three experienced high loss ratios in 1945, which, when combined with normal expense ratios, produced total operating ratios above 100%. Their reported ratios are as follows:

	Loss Ratio %	Expense Ratio %	Comb'd Ratio %
Bankers & Shippers	63.0	45.2	108.2
Jersey Insurance	63.2	45.3	108.5
Pacific Fire	63.0	45.3	108.3

Two other companies with combined ratios in excess of 100% are as follows: Fire Association, with 57.3% loss ratio, 43.6% expense ratio and 100.9% combined; Republic (Dallas), with 50.3% loss ratio, 53.4% expense ratio and 103.7% combined ratio.

Each of the 11 other companies in the group had a combined ratio under 100%, ranging from 94.3% for Insurance Co. of North America to 99.8% for Automobile.

In commenting on fire-marine underwriting trends, Alfred M. Best points out in a recent bulletin that the reason for such wide differences in the operating results achieved by the companies lies in the relative trends and experience on the principal classes of business written. For example, companies which specialized in and wrote a comparatively large amount of automobile business, did poorly in 1945 following unsatisfactory results in 1944. On the other hand, very favorable results were experienced in ocean marine writings during the past three years. Extended coverage also was profitable in 1945, mainly because of low hurricane claims. Straight fire business, income from which to the industry is more than double the volume of motor vehicle and ocean marine combined, has not been very profitable, however, during the past two years due to rate reductions, high fire losses and other contributing factors. Experience in inland marine business varied greatly in 1945 among the different companies, as it has in former years.

Marketwise, fire insurance stocks have been much stronger than industrial stocks in resisting the current secondary market decline. Between the 1946 high on Feb. 2 and the low on Feb. 27, the Dow-Jones Industrial Average dropped 20.95 points, or 10.1%; fire insurance stocks, however, as measured by Standard & Poor's Weekly Index declined from 146.7 to 141.2, a drop of only 3.7%.

New York Stock Exchange Weekly Firm Changes

The New York Stock Exchange has announced the following firm changes:

Interest of the late William McKenna in Jas. H. Oliphant & Co. ceased on Feb. 27.

Henry McSweeney, limited partner in Laidlaw & Co., died on March 5.

Keep High Standards In Securities Markets

By PHILIP L. CARRET*

Vice-President, New York Security Dealers Association

Official of NYSDA Urges Members to Redouble Efforts to Keep Securities Dealings on a High Level of Public Service. Seeks Cooperation With Regulating Bodies, the Exchanges and NASD. Looks for Prosperity and Increased Recognition of Important Role of Securities Markets.

Philip L. Carret

Responding to great triumphs of American military and naval power in Europe and in the Pacific, to the awe-inspiring vistas of technical development unfolded by the inauguration of the Atomic Age, to the prospect of decreased regulation and lighter tax burdens for American industry, security prices have enjoyed an almost uninterrupted advance to the highest levels since 1929. Public participation in the market is unquestionably also on the largest scale in almost 20 years.

Under these circumstances a veteran of 1929 cannot help thinking that all of us need to redouble our efforts to keep our activities on the highest level of public service. Human nature being what it is, we are going to be on the receiving end for a large dose of criticism when, as and if the market goes down. The more carefully we conduct our affairs now, the smaller the dose of criticism will be at a later date. I am sure that no one here need feel that the observation is applicable to himself but I am equally sure that everyone here knows of speculative, non-dividend paying stocks being sold to the public at prices far above a reasonable level based on visible

Pictures of 20th Annual Anniversary Dinner of the New York Security Dealers Association appear on pages 1368, 1369, 1370, 1371 and 1372.

*An introductory address of Mr. Carret before Annual Dinner of the New York Security Dealers Association, Waldorf-Astoria Hotel, New York City, March 8, 1946.

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Symposiums a Bar To Over-Regulation

By J. ARTHUR WARNER*

Partner, J. Arthur Warner & Co.

Advocates an Annual Interchange of Ideas on Theory That Force of Public Opinion Thus Generated Would, Without Being in Any-way Implemented, Provide a Force to Protect Dealers From Arbitrary and Inequitable Rulings and Regulations by NASD and SEC.

. . . I think it is regrettable that we, all of us, go to so much effort to assemble here once each year, the leading representatives of our industry from throughout the country, as well as the leaders of the State and Federal bodies who administer the rules and laws which guide us—and that such an assembly of representatives does not enlarge upon the opportunity presented at this annual gathering to devote the full day precedent to this dinner to the development of a symposium at which there might be a free interchange of ideas, and of the problems of our industry.

J. Arthur Warner

Such a symposium would provide a sounding board for the voice of the broker and dealers throughout the country which would have the effect of helping to guide our national association both in its dealings with its membership, and with the Securities and Exchange Commission.

It is true that any opinions or conclusions emanating from this proposed symposium could not be and should not be implemented with anything other than the force of the public opinion involved, which, in itself, would provide a force that would protect us—the public body of security dealers—from arbitrary and inequitable rulings and regulations.

I consequently urge upon the Presidents of the many broker-dealer and trader associations throughout the country that they correspond with the New York Security Dealers Association with a view to the formal establishment of this proposed symposium as an integral part of this annual dinner that we are attending tonight so that next year, upon the 21st anniversary of the association—and upon its coming of age, we may look forward not alone to the festival, but to a convention composed of a body of delegates convened for a common purpose—the broadening of the base that will allow for the future prosperity of both our profession and the public participants in our market places—and the prevention of an encroachment upon our and the public welfare by dicta and academic rulings and regulations that may not be in the public interest—or of the public interest.

Pictures of 20th Annual Anniversary Dinner of the New York Security Dealers Association appear on pages 1368, 1369, 1370, 1371 and 1372.

*Remarks of Mr. Warner at the 20th Annual Dinner of the New York Security Dealers Association, Waldorf-Astoria Hotel, New York City, March 8, 1946. Mr. Warner was Chairman of the Dinner Committee.

No "One World" Without "One America"

Commentator at Security Dealers Dinner Warns That Minority Group Rule in U. S. Is Approaching Tragic State, and That Grabbing of Power in Unions by Small Radical and Communist Groups That Use It to Shape Both Our Domestic and Foreign Policies Is Causing a Divided America and Endangers Life of Country. Calls for a Cleansing of Labor's Stables.

Speaking before about 1,400 members and guests of the New York Security Dealers Association at their 20th annual dinner on March 8 at the Waldorf-Astoria, Frazier Hunt, commentator and author, warned that the United States can never wield her rightful influence abroad until she has a united nation behind her.

Frazier Hunt

"We face only two real problems," he said. "First: how to deal with the Soviet Union abroad. Second: how to deal with subversive Communist interference at home. Until we solve the second we can never hope to bring the full power of our might and right on the first. Before we can begin to dream of One World we must gain One America."

"During and before the war," he went on, "the eyes of our leaders were blinded by the glare of the bright dreams of world leadership. They envisaged a single-purpose world before they had a single-purpose United States. They forgot the simple fact that this country could wield no lasting influence in the world unless it was based and predicated on a strong, united homeland. We injected ourselves into the world almost with the carelessness of a child walking into a quicksand bog."

Mr. Hunt warned that rule by minority groups here was quickly

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Economic Problems of Greece

(Continued from page 1344)

in 1938. This increase in output was also largely due to the series of commercial exchange and clearing agreements which Greece was constrained to conclude during that period. The other parties entering into these agreements were obliged to buy more Greek goods which naturally stimulated Greek production. It is hard to tell what the results would have been if the war had not intervened and the measures had continued in force. It is clear, in any case, that this policy of economic self-sufficiency which had extended and been adopted by many countries of the world, had brought about a serious dislocation of international economy. However this may be, it is a fact that, in the particular case of Greece, the above measures had, for the period mentioned, resulted in a considerable improvement of the living conditions there. Actually the deficit in the commercial balance of Greece was reduced, the foreign payments balance was improved and the national revenue had increased.

Then came the war and enemy occupation with the well known resultant destruction of the Greek social and economic structure. The damages suffered by my country are estimated at billions of dollars, particularly in capital equipment. How will it ever be possible to heal these wounds? This is the immediate problem that Greece faces, and this is the burning question the Greek people ask today.

But other great problems will confront Greece in the near future after her reconstruction.

First, efforts are being made through international agreements to free world economy and trade from the restrictions which hemmed them in before the war so that international trade may acquire to as great an extent as possible that freedom which it possessed previously. There is a tendency in these efforts to reduce tariffs when these are considered excessive and a hindrance to international trade. And it is asked, if these tendencies finally win what will be the lot of the Greek production which was based not only on tariff protection but also on other restrictive measures in force during the ten years preceding the war? And if indeed it is foreseen that by the previously mentioned international agreements Greek economy will be shaken and the national revenue of the country reduced what are the counter-measures that must be taken in order not to condemn Greece to a permanent state of poverty?

The second economic problem is the following:

Germany imported approximately half of the Greek exports before the war; considering however that Germany will require a very long time to recover, where is Greece to seek a new market for these goods amongst which the chief ones are tobacco and raisins, the products from which the Greek population mainly subsists?

The above problems, which concern both the present and the future of Greece, as well as similar or other problems arising in connection with other countries, are what confront today not only the special international conferences dealing with these matters, but also the Economic and Social Councils of UNO, and the Bretton Woods Organizations.

It is noteworthy that lately our western allies Great Britain and the United States fully realizing the critical economic and financial situation facing Greece, granted loans and credits destined on one hand to bolster the Greek currency and therefore to facilitate the foreign trade of Greece, and on the other hand to furnish the means necessary to start the work of reconstruction and rehabilitation. The British loan amounts to £10,000,000 and the American credits through the Export-Import Bank, up to the present time, amount to $25,000,000. In the period that preceded the last war Greece made noteworthy strides in consolidating and developing her resources and today the Greek people, industrious and thrifty, look forward with confidence to the future, provided of course that events beyond their control will not disturb the peaceful intercourse between Balkan nations.

C. G. McDonald & Co. Opens in Detroit

DETROIT, MICH.—C. G. McDonald & Company will engage in an investment business from offices in the Guardian Building, acting as brokers and dealers in stocks and bonds specializing in Michigan listed and unlisted issues, and as underwriters and participating distributors.

Officers of the firm are C. G. McDonald, president; William E. Shoemaker, vice-president and secretary; and F. K. Mueller, vice-president and treasurer. M. J. Stanko will be sales manager; George S. Allardyce, manager of the trading department; and R. W. Richardson, cashier.

The firm will hold membership in the Detroit Stock Exchange.

Counter Trading in Listed Securities

Editor, "Commercial and Financial Chronicle":

In the Feb. 21, 1946 issue, page 971 of your publication, we feel that the "Head" which you provided for the "story" quoted from our recent letter to you on the subject of trading Listed Securities over-the-counter, is not completely correct or appropriate, as it certainly creates the impression that such trading is **only** of interest and benefit to non-members of Stock Exchanges. That this is not so, is of course made plain in the "story" itself. In our letter we did not intend to create any such impression, but quite the contrary.

It was not our purpose to raise any "class distinctions" but to bring out the fact that such trading **must** benefit **all** concerned, else there would be no transaction. Much of our Listed business over-the-counter is done with Stock Exchange member firms who certainly would not trade with us if it were not to the interests of themselves and their customers to do so.

A. O. VAN SUETENDAEL & CO.
March 7, 1946.

Parrish & Co. Formed

SAN FRANCISCO, CALIF.—Earl T. Parrish, member of the San Francisco Stock Exchange, has formed Parrish & Co. with offices at 155 Sansome Street, in partnership with M. E. Painter Douglass. Mr. Parrish was formerly a partner in Dwyer and Parrish.

Canadian Securities

By BRUCE WILLIAMS

It is a human weakness to follow the direction of the greatest pressure. Consequently the market pendulum invariably swings exaggeratedly in one direction before the inevitable turn. For the past few years there has been a persistent and rapidly mounting tide of Canadian internal bond purchasing from this country. The original mov ment was clearly logical and was frequently pointed out in this column. In the earlier stages free funds could be purchased at discounts higher than the official rate; the Canadian interest level was considerably higher than the domestic; last but not least, the previously existing registration privilege permitted liquidation in the Canadian home market.

Recently however the basic factors have changed. The one-way buying trend has kept the exchange persistently at its peak level around 9⅛%; the Canadian Government bond interest level has abruptly dipped largely on external buying pressure, from 3% to nearly 2½%; in order to divorce the Canadian market from undue external influence the privilege of bond registration for resale in Canada has been withdrawn.

It follows therefore that current buying is largely based on another factor, namely the imminence of a change in the parity of the Canadian dollar. This possibility has undoubtedly always contributed to the popularity of Canadian internal bonds, but previously it could be demonstrated that these securities were attractive investments regardless of the exchange factor. Now when Canadian internals have moved almost into line with comparable domestic securities it is debatable whether or not the exchange factor is immediately favorable.

The Canadian Ministry of Finance in any direct references to this subject has clearly indicated that any change in the parity would be considered a menace to internal stability. At the moment the implementation of the Bretton Woods plans appears more remote than ever, therefore any pending decision is further postponed. It had been generally anticipated that restoration to the previous parity would take place in the immediate postwar period and there is consequently a considerable bull position for most part in the form of internal bonds. As previously mentioned any reversal of the trend in Canadian internals could have considerable market effect for the following reasons:

(1) The market in this country has never been entirely independent and has never been tested since its virtual divorcement from the Canadian home market.

(2) Sales of unregistered bonds, which are the more vulnerable, would ultimately result in sales of registered securities and thus cause weakness in the market for free funds.

(3) The free Canadian dollar market in the absence of buying of internal securities is very narrow, and exceptional sales could cause considerable fluctuation and further dissipate confidence concerning the possibility of the return of the Canadian dollar to its old parity.

During the past week there was some indication that the high grade external section had completed the process of consolidation. Direct Dominions and Nationals in consequence were inclined to resume their upward course. Albertas continued their display of strength and the callable 3½s were bid at one point premium. Montreals in anticipation of an imminent call were quoted on a money basis, but there still appears scope for further improvement of the noncallable Montreal Metropolitan Commission issues. C. P. R. perpetuals were in strong demand and reached a new high of 120½. The internal section began very strongly but later tended to ease with free funds in greater supply.

With regard to future prospects the high grade externals appear likely to encounter renewed demand but caution is still indicated in taking further commitments in the internal section.

Blumenthal Director Of Motion Picture Co.

A. Pam Blumenthal, partner in the New York and Los Angeles Stock Exchange firm of A. W. Morris & Co., has been appointed Vice-President and a Director of the newly-formed motion picture company, Enterprise Productions, Inc. Identified for more than twenty years as liaison between motion picture producing companies and the investment banking fraternity, Mr. Blumenthal will fulfill a similar function for Enterprise, operating on the West Coast as well as in New York.

A. Pam Blumenthal

Anderson-Prichard Oil Stock Offered By Glore, Forgan

Public offering was made March 8 of 80,000 shares of 4¼% cumulative convertible preferred (par $50) stock and 425,000 shares of common stock (par $10) of the Anderson-Prichard Oil Corp. by an underwriting group of 60 firms was headed by Glore, Forgan & Co. The preferred priced at $51.75 a share and accrued dividends and the common at $19 a share.

Proceeds from the sale of the common will accrue to certain stockholders and proceeds from the preferred stock financing will be used by the corporation to purchase 175,000 shares of its own common stock from one of the selling stockholders.

An Economic Magna Charta

(Continued from page 1343)

springs not from the words of man—but from his heart. So too, on this occasion, the final measure of our success will never be found in the words we speak but in the inarticulate feelings and spirit buried within our hearts.

When we were together before, in that cloistered New Hampshire village, I remember that our minds and hearts were as one as we forged the Bretton Woods Agreements. The International Monetary Fund and the International Bank for Reconstruction and Development, long a dream of our respective peoples, became more than words and phrases. When that document was finished, when the last syllable was written and the ink had dried, we were confident men. Steadfast in purpose and united, we had mentally taken leave of the battlefield, donned our uniforms, worn ragged in a mighty war, put on our white shirts and had written an economic Magna Charta. And we did write it. There is no question about it.

Thirty-five nations already have signed the Agreements. I have them with me today, here in front of us, and they are unchanged. Here they are, exactly as we wrote them, no longer just a hope or a wish composed of intellectual prose, but a reality. Here they are, gentlemen, just the same word for word, comma for comma syllable for syllable.

I repeat again that written words do not convey this full meaning in themselves. I read them and I know what they mean to me. I do not know, I could not know, that they mean precisely the same to you. In fact, if we were so disposed, probably we could sit here in this very room and wage intellectual and academic warfare about nuances in their meaning until the end of time. From the escapist point of view this form of intellectual acrobatics would be easy. We could be certain, in such a case, however, of only one thing. Eventually, perhaps in our own time and while our own wise words echoed against these walls, we would be interrupted. A stray atom bomb, or perhaps something even more violent, would drop among us and our unspoken thoughts would perish in our minds, for we, and our Fund and Bank, would no longer exist. No, gentlemen, ours cannot be the escapist course of the intellectual cloister. Ours must be the practical, concrete course. Ours is a race against time for sanity.

Thousands of years ago some thinking men, then as now, were dissatisfied with the status quo. In a sense, man looked about his dark and dismal little cave and said to himself. "There is no dignity in this existence." He came out of his cave and built himself a house of sod with a straw roof. When he finished he called his wife and they looked about their new domain with a sense of satisfaction. Some neighbor, in his dark cave, after brooding over this progress, came and destroyed the house and carried away the caveman's wife and family. When the caveman returned from the hunt he found his home devastated and his family gone. Enraged, he flew at his neighbor and killed him. Then he returned to his home and built himself even a nicer, more spacious house of sod than before. "Now," he said to himself, "I shall have some dignity. I have slain that interloper across the way and I shall have peace and quiet."

But soon there came other neighbors to displace the one he had killed. To preserve his dignity he had to fight again and again. Eons have passed and the common man still fights to preserve his dignity and his home, and so that he may have, as the caveman supposed that he would, peace and quiet.

And so again today, free people everywhere have just united and fought the mightiest of the mighty wars to preserve their dignity and to establish peace and quiet. It is a simple pattern, traced and retraced on the sands of time, obliterated again and again by the inexorable tide of chaos. Heretofore we have always rebuilt and reconstructed our little world. That method, never packed with sense, is becoming completely inane. Each war is more devastating than the last. If we follow that old course, one of these days, maybe next time, there will be too much to rebuild, or nothing to rebuild. No, let us change the pattern. Let us once and for all reject the concept that wars are "Acts of God" and find and take the ways and means that prevent war. By what we think and say and do now, my friends, we determine whether today is a breathing spell between wars or the beginning of lasting prosperity and peace.

One of the most important of those ways and means to start the new pattern is the effectuation of the Bretton Woods Agreements. I wish to reuse some words I used while we were forging these Agreements:

"We meet here in Bretton Woods in an experimental test—probably the first time in the history of the world, that forty-four nations have convened to find a solution to difficult economic problems through continuing economic cooperation. We meet in the midst of a war for the survival of all that is cherished by civilized man. We fight together on sodden battlefields. We sail together on the majestic blue. We fly together in the ethereal sky. The test of this conference is whether we can walk together down the road to peace as today we march to victory."

The Experimental Test Passed

That conference passed that test. This conference must pass that test.

We have the Bretton Woods Agreements right here with us. Truly, I feel humble in their presence, because they are great doc-

uments. They permeate this room with their honesty, their virtue and their truth. We sat down together and wrote them, with our hands and our hearts and our minds. Here they are, just as we wrote them. And here in this room are most of the men who wrote them.

We had not only agreement in print, we had agreement, profound agreement, in spirit. These Agreements represent our collective wisdom rolled into two sweeping phrases: The International Monetary Fund and the International Bank for Reconstruction and Development. We were seeking, and I fervently hope we have succeeded in reaching, the bed-rock foundation for a sound world economic structure—that same bed rock of economic and political security sought by the caveman, and his descendants, for generation upon generation.

When we had finished with our work at Bretton Woods we were somewhat relieved, for we found that we had not signed away our self-respect or the real interests of our respective countries. We rediscovered that national self-interest cannot of itself survive, and that world trade and world reconstruction, on a sound basis, must be the cornerstone of lasting peace. As Lord Keynes said, we had to find a "common rule applicable to each, and not irksome to any." We had anxious moments to be sure. But there was one purpose that bound us together, even when we were continents apart in language and experience. We wanted to succeed. We had enough of the great catastrophe of War, resounding around our heads, sickening and murderous. There was only a shred of human dignity from which to weave our pattern of world peace and salutary world trade. We knew what it was to be united, and I mean genuinely united, in the heart and in the mind.

The world did not receive us particularly well when we began our work. Our problem is not adaptable to the vernacular of the sporting pages. We have still greater difficulties besetting us. Some nations must still affirm our work. All nations must reaffirm their determination and convictions, conceived in war and so far not geared to peacetime. We must journey forth to teach the people the wisdom of that which we have gathered here to implement. This will be no easy task. We must tell it near and far, and we must tell it in language that they can understand.

Must Continue Peace-Building Work

We must get on with our peace-building work. Today the weapons are laid aside, only laid aside. They could be picked up again. The eager hands of the soldier now busy themselves in building himself a house, so that he may have dignity again, so that he may have peace and quiet. But the individual's resolve to go the way of peace is only half the answer. The individual and the nation must both resolve to exert their collective powers to insure collective peace. Into the fabric of that collective peace must be woven the strong cords of universal economic and political justice and security. Then, and only then, will my home—and your home—be free from the spectre of the next, and perhaps the last war.

We have tried to respond to some real part of that responsibility by establishing the International Monetary Fund and the International Bank. They are not the whole answer. We know that. But they are—and I say it humbly though earnestly—an extremely big part of the answer.

Believing all this we have met once already, at Bretton Woods, and in a complicated, modern, interwoven society we have written an economic Magna Charta. Now we are meeting again, for we must agree on rules of procedure and by-laws. We are agreed in principle, as the parliamentarians would say, now we must agree on procedure. It should not be too difficult. It may be hard, but it is welcome work. We must not sabotage the principles by protracted debate over procedure. We must not get so close to our own handwriting that we identify it and reargue it. We have returned to Savannah to implement our fundamental agreements, and there is no question in my mind but that we will. We must work eagerly and untiringly on the difficulties which attend this waging of the peace.

We will do all of this and, I am confident, do it well. But no matter how perfect the by-laws we formulate, nor what beautiful sites we may select for a place of business, it will be unimportant if the state of our hearts and minds has changed. At Bretton Woods we had only one mind and only one heart, and one hand carved the delicate woodwork of our agreement. If we do not still feel and believe in that same idea, if we are not the same men we were at Bretton Woods, then our work may come to naught.

There is a simple axiom written in history. It is written in rock for everyone to read, written and rewritten when the blood of men who die in battle washes off the stone. It is: if we want a better world we must be better people. How many men, since the first tick on the clock of time, have handed down that wisdom in a thousand languages. We were, when we gathered at Bretton Woods and when the sacrificial altar of tyranny was being pushed backward across the Rhine, actually better people. For a short space of three weeks we were making a better world by being better people. I hope, I believe, we still are better people. Until I saw these earnest, humble faces of every color and culture I might have been apprehensive. You set my mind at ease. When I look I see the same compassionate honest men I saw before, and although I cannot read your inner thoughts, I am sure that the hearts of better men beat within you. This peace must not be a prelude. It must be solemn and continuing, compassionate and wise. We knew this at Bretton Woods—and we know it today.

Wood, Gillis & Co. Formed in Cleveland

CLEVELAND, OHIO — Wallis W. Wood and Roderick A. Gillis have formed Wood, Gillis & Co. with offices in the Union Commerce Building. Mr. Gillis was formerly a partner in Gillis, Russell & Co. for many years. Mr. Wood, a member of the Cleveland Stock Exchange, was with Maynard H. Murch & Co. and T. H. Jones & Co. and prior thereto conducted his own investment business in Cleveland.

Dwyer & Co. Formed

SAN FRANCISCO, CALIF.—Frank M. Dwyer, member of the San Francisco Stock Exchange and John R. Weinman have formed Dwyer & Company with offices at 155 Sansome Street. Mr. Dwyer was formerly a partner in Dwyer and Parrish. Mr. Weinman has recently returned from service in the U. S. Army; prior thereto he was connected with Dwyer and Parrish and its predecessors.

Cassell Co. Incorporates

CHARLOTTESVILLE, VA.—C. F. Cassell & Company, 112 Second Street, N. E., is now doing business as C. F. Cassell & Company, Inc. Officers are Clair F. Cassell, President; M. Carter Gunn, Vice-President; George E. Thornhill, Secretary, and Montie R. Smith, Treasurer.

Mutual Funds

The Investor and Mutual Funds

Calvin Bullock's current Bulletin comments on the outstanding growth of mutual investment companies. According to figures released last week by the National Association of Investment Companies, there were, at the end of 1945, approximately 500,000 investors who owned shares of one or more of 73 open-end investment companies. These companies had total net assets on Dec. 31, 1945, in excess of $1,200,000,000.

The bulletin points out that while the past four years have presented problems of unusual complexity, the problems of reconversion and a whole series of new international and domestic developments make the prospect for selection seem scarcely less difficult in the years ahead.

Conclusion: "The growth which mutual-type investment companies have enjoyed during the past few years emphasizes not only their public acceptance but also the increasing responsibilities which the managements of such companies assume. On the basis of recent investment results, management, on the whole, has acquitted itself well. It is reasonable to suppose, under these circumstances, that future results should justify added confidence in the convenient and efficient method of investing in the progress of American industry through shares of well-managed investment companies."

The Building Industry

"Viewpoints on the Building Industry" is the title of a current bulletin prepared by **Hugh W. Long & Co.** The bulletin quotes several authoritative sources which give strong support to its own bullish opinions concerning this industry.

A chart reprinted from the Dec. 17, 1945, issue of Life Magazine shows new families far exceeding new homes in each year since 1932.

The National Housing Agency estimates that the number of urban houses needed in the next 10 years, including replacement of all clearly substandard houses, would require the building of 1,610,000 units each year from 1946 through 1955.

The Long Company sums up the outlook for the building supply industry as follows: "It is one of the few of which you can say with considerable assurance: It should do better this year than last, better next year than this, and better in 1948 than in 1937."

Dow-Jones Record

The record of the Dow-Jones Industrial Average from 1929 to date is the subject of **Keystone Co.'s** latest Keynotes. The study shows that while the Average is off about 50% from its 1929 record high, the 30 stocks composing the Average in 1929 have diverged widely in price performance. For example, if you had bought Chrysler at the top in 1929 you would have had a small profit on Feb. 16 of this year. However, if your choice had been Nash, your loss would be 69%.

Another point brought out is that 25 changes have been made in the 30-stock Average since 1929, in order to keep it representative of the market.

The record demonstrates too that so-called "growth" industries are not necessarily good investments. This opinion is substantiated by the record of two leaders in the great "romance" industries—radio and aviation—of 16 years ago. Radio Corp. has shrunk 84% and Wright Aeronautical has lost 68.2%.

"Constant supervision is essential to weed out the companies that are losing ground and discover those that are gaining."

Market Outlook

Under the title, "Has New Buying Range for Securities Been Reached?" **National Securities & Research Corp.'s** current National Notes employs a series of questions and answers to forecast its market outlook.

According to the bulletin, 10 dependable "indicators" point very definitely to a long range bull market. It is concluded that "this is still the richest industrial country in the world, and it is an acknowledged fact that for some years we will be a world supplier of peace-time products just as we were the world's arsenal during the war. This does not mean that the expected upward trend should carry all equities up. Carefully researched selection is still needed."

* * *

In the light of the recent market action, **Hare's, Ltd.,** expresses its views as to the future course of the market in this week's Current Considerations.

The opinion is expressed that the recent decline is a perfectly healthy and normal "secondary correction" and of a nature such as always occurs from time to time, even though the basis or long-term market trend remains strongly upward.

Diversification

In a covering letter on its monthly price comparison card on **Group Securities, Inc., Distributors Group** comments that this comparison should be enough to dispel any impressions that a client may have that diversification hampers performance. In every period covered there have been group investments that doubled and sometimes trebled the Dow-Jones Industrial Average performance.

Dollar Averaging

In a current memorandum on **American Business Shares** the "Dollar Averaging" method of investing is explained. The plan consists of investing a fixed amount of money in a security issue at regular intervals—i. e., every week, every month or every three months. This continuous investment occurs always in the same issue, and the maximum number of full shares is purchased each time irrespective of what the price happens to be.

The outstanding virtue of this method, continues the report, is that the fixed number of dollars which are regularly invested will buy a greater number of shares during periods of low prices, and a smaller number of shares when prices are high.

A computation displays the actual operation of this method, using a monthly investment of $100 in American Business Shares and the regular reinvestment of all dividends. The period covered, from April 1, 1940, to Feb. 1, 1946, contained downward as well as upward periods. The month by month results are shown and, as of the final date of the computation, a total amount of $7,100 had been invested and the total value at offering price stood at $14,878.08.

Incorporated Investors

On March 6 **Incorporated Investors** announced that Joseph P. Spang, Jr., and George C. Cutler have been elected to the Board of Directors. Mr. Spang is President of Gillette Safety Razor Co. and Mr. Cutler, who recently joined the company, is a director of The Atlantic Coast Line RR., the Louisville & Nashville RR. Co. and Dun & Bradstreet. At a directors meeting following the annual meeting of the stockholders Mr. Cutler was elected Chairman of the Executive Committee.

Mutual Fund Literature

Keystone Co.—Current Data for folder for March on all **Keystone Custodian Funds**; Semi-Annual Reports on **Keystone Series B-3 and S-4**. . . . **Hugh W. Long & Co.**—March issue of The New York Letter and current Investment Holdings folder on **Manhattan Bond Fund**. . . . **The George Putnam Fund**—Portfolio Review for March. . . . **Lord, Abbett**—Latest issue of Abstracts; Current Investment Bulletin on **Affiliated Fund** entitled "Growth"; Composite Summary folder for March on all Lord, Abbett sponsored funds. . . . **W. L. Morgan & Co.**—A blotter prepared by **Wellington Fund** containing chart of the Dow-Jones Industrial Average from 1935 through 1945. . . . **National Securities & Research Corp.**—Current Information folder for March on all National sponsored funds; latest Investment Timing entitled "Moving Averages of Stock Prices"; memo giving portfolio changes made during February in National's various funds. . . . **Hare's, Ltd.** — Folder entitled "Earnings Outlook for Banks Continues Favorable." . . . **Distributors Group**—Revised folder, "The Stock Market is Many Markets."

Dividends

George Putnam Fund—A quarterly dividend of 15¢ per share payable April 20, 1946, to shares of record March 30.

Wellington Fund—A quarterly dividend of 20¢ per share payable March 30, 1946, to stockholders of record March 19.

Coldwell, Banker & Co.

SAN FRANCISCO, CALIF.—Coldwell, Banker & Company is engaging in a securities business from offices at 57 Sutter Street. Partners in the firm, which has been engaged in the real estate business in San Francisco for many years, are Colbert Coldwell, Benjamin A. Banker, Edward W. Arnold, Louis J. Pfau, Jr., George M. Mott, and Charles Detoy. Mr. Coldwell was a director of American Trust Company.

To Form Leo Eis & Co.

Leo Eis, member of the New York Stock Exchange, and Chauncey B. O'Keefe will form Leo Eis & Co. with offices at 30 Broad Street, New York City, effective March 22. Mr. Eis has been active as an individual floor broker on the Exchange.

Rolla Bartlett Dies

Rolla W. Bartlett, retired Boston investment banker, died at his home at the age of seventy-six. For many years he was associated with the firm of N. W. Harris and later established his own investment banking house, Rolla W. Bartlett & Co.

UNO—Greatest of Our Hopes

(Continued from page 1347)

perhaps of generations to repair the damage done. The spiritual destruction is just as staggering. The horrors of war are visible everywhere. On the other hand, in the midst of this wreckage, in the midst of millions of fresh graves which this human catastrophe has inflicted upon just as many innocent and unhappy families throughout the world, we are witnessing the awakening of a new life and of a new hope for a better and happier mankind.

UNO—Greatest of Our Hopes

The greatest of all our hopes is the United Nations. It embodies almost everything that has always been dear to the large body of peaceful and progressive humanity. It is based on some of the finest principles that have ever been formulated by any constructive and positive human mind. It speaks the language which millions of people understand and are passionately longing to hear. It speaks of world friendship, brotherhood, fellowship and peace; it speaks of unity, agreement and harmony, of human rights, of equal opportunities for all, regardless of race, sex, color or creed. It provides practical solutions in numerous spheres. It offers all possibilities for peaceful settlement of international differences, it strives to do away with wars, it provides for the improvement of trade, employment, education, health, and other economic, social and cultural conditions. It deals with the problem of colonial and mandated areas in a way which would finally mean their independence as promised by the Atlantic Charter. With such all-embracing program, the United Nations is a living reality. The Charter of the United Nations is a great instrument whereby we can begin to attain this reality. It is a great and historic achievement. I have followed it right through from San Francisco to London. It is almost unbelievable that so much has been done in such a short space of time. The world indeed is ripe for it. Peace is now a matter of millions of people who are fully conscious of the part they play in maintaining it. Peace is no longer just an ideal as it was some years ago. In the Atomic Age in which we are living now, peace is a necessity.

Wants No Balance of Power

The great need in the execution of this salutary and long range policy is general world unity. The great danger is that in some form or other we might be led away from it. The greatest danger of all is that we might be led back to what we generally call the policy of the Balance of Power. It has so often been responsible for many of our major troubles. We must now be especially careful not to get involved in any such schemes. My view has always been that after the creation of the United Nations there is no longer any need for such old-fashioned policies. I am of the opinion that one of the basic political objects of the United Nations is indeed to do away with this policy which would inevitably lead us again to the system of blocs working for disunity, disagreement, and disharmony. I feel that if we were to involve the United Nations in this disuniting system, we would inflict upon it an irreparable damage and harm. We would inflict a mortal blow to all that we stand for. We would destroy the very foundations on which the United Nations is based. I am convinced that the new World Organization should have nothing to do with such a policy, except to combat it with all the strength and vigor which it has at its disposal, except to make it impossible for such political creeds, such political methods to appear on our political scene ever again. Just as your country has achieved its power and greatness by forging the bond of unity between its citizens no matter what race or creed they belong to, so in a similar manner must we build the strength of the United Nations by forging the bonds of friendship, harmony and unity throughout the world.

The United Nations offer us this new way of life. We have already embarked on it. The mechanism which was created in San Francisco is already in function. The Security Council, at its first meeting, has already had several international disputes under consideration. The General Assembly has adopted several important decisions. The decision concerning the feeding of the distressed populations is of no small significance. It is intended to remedy one of the most urgent economic needs in the postwar world. The Economic and Social Council has also done everything that has so far been possible to initiate its far reaching activities. It has more particularly created several special commissions whose duty will be to deal with the questions of human rights, refugees and derooted populations, international trade and other matters. The trusteeship problem has equally been treated with some measure of success in the course of this initial stage of its future development. But if we want the United Nations to succeed, we must firmly and resolutely abide by this new way of life whatever sacrifice it may mean from our own point of view. If we want to settle all the grave problems arising out of the war in an atmosphere which alone can lead us to lasting prosperity and peace, we must learn to think in terms of general interests which are the overall interest of us all. Whatever difficulties, whatever crises we may still have to go through, the new way of life is our sole salvation, it is the sole way in which any situation which we may be involved in can be dealt with for the benefit of all.

This may still be a long and not a very easy process. In every great issue there are always those who fall by the wayside, but millions of us all over the world who believe in the United Nations, who believe in universal peace, who think of the welfare and well-being of others, who think in terms of a large community of humanity bound together by strong and indissoluble ties of friendship, brotherhood and mutual cooperation for the benefit of the happiness and progress of the entire human race, we must march forward with renewed determination and with redoubled energies. However difficult the task may be, this must be our goal, this must be our faith.

Ewing Branch in Fla.

JACKSONVILLE, FLA.—Allen C. Ewing & Co., Wilmington, N. C., investment firm, has opened a branch office in Jacksonville under the management of Norman E. Sterling.

The Trend in Public Utility Values

(Continued from page 1342)

strictly war business which has been lost.

Increased Peacetime Consumption

The utility companies are counting on a very good increase in their business as soon as electric and gas appliances are back on the market in reasonable quantity. The strikes have been delaying the output of these appliances but in due course they must become available. On a recent western trip I was interested to spend an hour at an appliance display on the show-room floors of Commonwealth Edison Co. A large number of manufacturers had displays of their products which they hope to offer in quantity in due course. I was struck by the number and variety of these appliances, some of which had not previously come to my attention. As I left the exhibit I could not help being impressed by the fact that these appliance manufacturers will be working hard to make sales of their products and that each individual sale means more load for the utility companies from the time the appliance goes on their line. Surveys of anticipated business in the postwar market indicate that electric and gas appliances will be among the things consumers are very eager to buy. Furthermore, once the bottleneck is broken, new homes will be constructed by the thousands and all of them will use gas and electricity in ways they were not used in older homes.

Strengthened Financial Structures

Not only is the outlook for business of the utilities companies good but these companies have greatly strengthened their financial structures. For this development credit should be divided between the regulatory bodies, especially the SEC, and the managements of the companies themselves. I lay stress on the latter fact because I am convinced that the day of the Insulls, Hopsons and Dohertys has passed. The public utility executives, whom I meet now, strike me as men who are trying to do a conscientious job for their customers and their stockholders.

The most conspicuous achievements of utility companies in recent years have been outlined by the Federal Power Commission in their recently released pamphlet, "The Financial Record of the Electric Utility Industry, 1937-1944." Incidentally, this is free, upon request, and constitutes good sales literature in presenting public utility securities. The FPC reviewed what had taken place in the seven years since information was available, as required under the Federal Power Act. They introduce their analysis with a statement, "In sum, during 1944 the electric utility industry, following the pattern of recent years, advanced significantly toward a degree of financial soundness unprecedented in its history." Among the achievements of the seven-year period, which they pointed out, were (1) kwh. sales increased 82%, generating capacity 24%, number of customers 17% and electric revenues 44%; (2) net plant investment (after deducting depreciation reserves) actually decreased from $4.88 per dollar of revenue in 1937 to $3.30 in 1944; (3) some $800,000,000 of inflation was eliminated from the utility plant account; (4) depreciation reserves increased by more than $1,300,000,000 or almost 90%; (5) outstanding indebtedness decreased and ratio of long-term debt to gross investment in plant fell from 50% to approximately 43%; (6) interest charges which were covered 2.97 times in 1937, were covered 3.64 times in 1944; (7) more than $3,000,000,000 representing accruals for depreciation and amortization, together with undistributed earnings, were invested in property additions and replacements or utilized to retire outstanding securities; (8) facilities were greatly expanded without the necessity for issuance by the industry, as a whole, of additional securities to finance construction; in fact, the book amount of outstanding stocks and bonds decreased by some $600,000,000.

Declining Securities' Yields

Improvement in the basic quality of utility securities has accompanied a decline in interest rates. The two factors together have brought the return on prime mortgage bonds to the lowest figure ever. Only recently, Madison Gas & Electric mortgage bonds were sold to the public on a 2.39% basis. Seekers of a better return may well look at public utility preferreds although even in this field the return is dropping as witnessed by the recent offering of Iowa Power & Light preferred on a 3.25% basis.

Preferred stocks do not have the debt obligation characteristics, but aside from that fact, many utility preferreds today have asset and earnings coverage comparing favorably with that of bonds sold only a few years ago. In fact, I recently computed pro-forma over-all coverage of fixed charges and preferred dividends of companies doing preferred stock financing, and found this over-all coverage, in many instances, as good as or better than the fixed charge coverage reported by the same companies 10 years ago in 1935.

The Attractiveness of Industry's Common Stocks

In my opinion, a field most attractive to both private and institutional investors at this time is that of utility common stocks. These shares may appropriately be considered by former buyers of bonds and preferred stocks. I say this because the quality has been built up and the public utility common stock of today, generally speaking, represents more investment merit than was possessed by the equities of a decade or two ago. Furthermore, these stocks can still be purchased to yield 4% to 5%, a return much better than can be obtained from good-grade industrial stocks. In fact, a recent publication of the New York Stock Exchange indicated that the median return on all listed common stocks has been running at only about 3.6%.

May I call your attention, however, to the fact that the current return is not the most which may be expected in many instances because there have already been numerous increases of dividends by utility companies and I am confident that this is only the beginning of a fairly important parade.

Since the first of the year, Southwestern Public Service Co. has stepped its quarterly dividend up from 25¢ to 45¢. Lone Star Gas has declared 20¢ quarterly instead of 15¢. Northern Natural Gas has increased its quarterly dividend from 50¢ to 65¢. Iowa Public Service has stepped up from 10¢ to 15¢. Connecticut Light & Power declared its dividend for the first quarter of this year at a rate of 75¢. Last year, it paid 60¢ quarterly with a dollar in the fourth quarter or $2.80 for the year. West Penn Power has just declared 35¢ instead of 30¢. Peoples Gas Light & Coke is paying $1 extra, which it has not paid in recent years—and so it goes.

These dividend increases, present and prospective, are being made possible in part by the repeal of the excess profits tax. I am not naive enough to suggest that all savings from this repeal will flow to the stockholders. I recognize that there will be rate reductions and wage increases to absorb part of the savings, but I confidently believe the stockholders will benefit somewhat, at least in most cases. Earnings for January have begun to be published and for the companies which were heavily in the E.P.T., the improvement is indeed interesting.

Stockholders Rights Expected

Another development, which I anticipate, and which has not been given much attention, is that some of the utility companies will resume offering rights to their own stockholders to purchase additional shares on an attractive basis. Such rights were common in the 1920's and early 1930's. More recently, however, the companies have not been in the market for much new money. Most of the utility financing we have seen has been for refunding purposes. Now the time is coming when many utility companies must think about expansion in an amount which will require additional financing and I am sure that some of this will be done by common stock. The construction budget of the industry for 1946, as originally made up, was the second largest annual budget in the history of the business. The budget cannot be met because of the strikes which will make necessary equipment unavailable. The need for the expenditures, however, is a very real one. Already, one company, Public Service of Colorado, has announced its intention of offering stockholders rights, their proposal being to give right to buy 1 share for each 7 held. Press reports state that San Diego Gas & Electric is also thinking of common stock financing and I know other companies are contemplating it for a later date.

Stocks which I have in mind as suitable for offering to institutional purchasers and private buyers of only top-grade securities would include such equities as Commonwealth Edison, Pacific Gas & Electric, Southern California Edison, Philadelphia Electric and Delaware Power & Light. If I were to make any one single choice it would probably be Commonwealth Edison because of the excellent capital structure, the growth possibilties of the territory, which include suburban and rural areas as well as Chicago proper, and the conspicuously strong working capital position of the Company which will permit a large amount of construction without additional financing. I confidently look for a dividend increase in due course. Although it is a holding company rather than an operating company. American Gas & Electric is worthy of including in this list. I might mention Public Service of Colorado as an example of an operating company stock which should increase in value as it becomes more seasoned. This stock is out of line I feel at the moment because it was only recently listed after having been an active medium for the over-the-counter dealers for some time. With the loss of interest by dealers in unlisted securities, the stock dropped a few points and I think is worthy of an investigation by institutions and other purchasers of listed stocks.

New Operating Company Stocks

Other operating company stocks will probably be in the hands of the public for the first time within the next 12 or 18 months. Without attempting to be exhaustive I would mention potential distribution by National Power & Light of Pennsylvania Power & Light, Carolina Power & Light and Birmingham Electric. Columbia Gas & Electric proposes to dispose of Dayton Power & Light and Cincinnati Gas & Electric. Engineers Public Service will, in due course, sell or distribute Gulf States Utilities, El Paso Electric and Virginia Electric & Power. Before too long, North West Utilities should be ready to sell or distribute Wisconsin Power & Light. New England Public Service is likely to divest Central Maine Power, Public Service of New Hampshire and Central Vermont Public Service. A lot of other stocks will come along by a later date and perhaps some will come in advance of those I have mentioned.

Scranton-Spring Brook Water Service is recapitalizing and expects to have a dividend paying common stock to take the place of its non-dividend preferred, which has been outstanding for a long time. Only recently, I went over some of the properties of this company and believe that this new common stock will be popular because of the quality it will have and especially because water company equities are scarce and accordingly, much in demand.

Holding Companies About to Break Up

It is possible to anticipate some of these break-ups by purchasing holding company securities, as such. Among my favorites at the moment are the stocks of Middle West Corp. and Engineers Public Service Co. Both of these have, I think, potential profits of 40% to 60% within the next year or so. I think the affairs of the American Power & Light and Electric Power & Light are shaping up so their preferred stocks should be worth close to par and accrued dividends. The same applies to the Standard Gas & Electric Prior Preferred. North American Co. offers a good combination of excellent current return and modest appreciation possibilities. This is really a quality issue and is one of the stocks most widely held by investment trusts.

Some of the holding companies will stay in business and among these I direct your attention to United Light & Railways which will probably be allowed to keep as an integrated system its subsidiaries in Missouri, Iowa and western Illinois. The most important of these is Kansas City Power & Light, long regarded as one of the best operating companies in the country. United Light is working on a program to dispose of its properties which cannot be integrated, using the proceeds to retire senior securities. The whole program has been outlined before the SEC and while many details remain to be worked out, it is easy to tell where the company is headed. When the plans are completed it looks as if the United Light common will be a quality holding company equity as the proportion of holding company common stock and surplus in the total financial structure of the system will be considerably higher than it now is. Prospective earnings would seem to justify in due course a price materially higher than the present.

General Public Utilties is another holding company which for the present, at least, will stay in business. I expect that in due course the present $4\frac{1}{4}\%$ convertible debentures will be redeemed, having the effect of forcing conversion. Property sales should permit the retirement of the bank loan leaving the company with common stock as its only security outstanding. This company is the successor of the old Associated Gas & Electric system which fell into disrepute because of its financial policies. No one ever argued, however, that the operating companies in the system are not among the best. These include Metropolitan Edison, Rochester Gas & Electric, New York State Electric & Gas and New Jersey Power & Light, among others.

United Gas Improvement has at present pending before the SEC a plan to offer some of its portfolio securities in exchange for shares of its own common stock. Most of the portfolio stocks offered are non-dividend stocks, and if the exchange is effected, it will have the effect of reducing substantially the number of U.G.I. shares outstanding without materially cutting down the income of the company. Increased dividends will be paid to the parent by certain subsidiaries formerly subject to a heavy excess profits tax or which have been cleaned up through recapitalization. The U. G. I. stock will then be changed from an indifferent dividend payer to a stock which should yield from 4% to 5% on the recent market price.

Unlisted Stocks

The unlisted stock field also contains many interesting situations. One of my favorites is Southwestern Public Service which has recently been put on a $1.80 dividend basis, yielding around 5% at the present time. The growth possibilities in the company's territory, West Texas and Eastern New Mexico, are above average. The company has a construction budget of around $8,000,000 for the present year and can see its way clear to finance this without issuing additional common stock. Over a period of time this stock should do very well.

Public Service of Indiana is an important beneficiary of excess profits tax repeal and I confidently expect an increase in the dividend this year. Empire District Electric is yielding around 5% on a dividend which was set only after consideration of the minimum earnings which might be realized after the war. Iowa Southern Utilities common is expected to go on a dividend basis in June for the first time as the company has been engaged in paying off dividend arrear certificates issued in 1938. Those will be entirely taken care of this week. Black Hills Power & Light has come through the war in fine shape although its territory was hard hit by suspension of gold mining and cessation of tourist trade. This company should do better from here on and its stock yields nearly 5% The list of smaller companies which are attractive could be enlarged considerably. In this connection I would like to say that a stock should never be passed up because the issuing company is small. Many of these small companies have management which is every bit as good as that of the larger companies, and in many cases, the companies operate in territory where growth possibilities exceed those of metropolitan centers.

Summarizing, there is a wide variety of utility stocks available to suit different tastes and needs but within the field there are opportunities which should be attractive to everybody.

Collective Bargaining Under Price Control

(Continued from page 1343)

role. In that war too, war conditions had brought about higher pay, improved working conditions and an increase in union strength. Upon the termination of that war, industry had taken the view that there should be a return to prewar standards in wages and working conditions and that there should be a reduction in takehome pay by lengthening the eight-hour day which had obtained during the war without payment for overtime. Organized labor had countered with the announcement that it would vigorously fight to retain the advantages that it had gained. The industry-labor conference called by President Wilson had broken down, in much the same manner as did the similar conference called last year by President Truman, through the inability of the parties to compromise upon what each considered fundamentals of the bargaining relationship; issues of wages and working conditions were obscured in the discussion of, and failure to agree upon, these fundamentals. The period was characterized by a series of strikes throughout the country and there was a strong public reaction.

Those strikes were not upon the same scale as present-day strikes nor were they as effective in throttling production; unions were not so large or strong nor was industry as inter-dependent. However, practically every major industry was at one time affected and the present-day tugboat and general transportation strikes find their analogues in the New York Harbor strike, the Seattle general strike and the Boston police strike.

Basically, those strikes had for their purpose the retention of gains won during the war, although union recognition and the open shop were frequently issues. Initially, the strikes were successful, but with the test of labor strength, which then also took place in the steel industry, the tide turned. The steel strike was eventually lost through lack of organization on the part of the workers and publicly announced support given the steel industry by the Federal government. Other important strikes which followed, such as the railroad, coal and packing strikes, were also lost.

Interesting analogies exist between the situation then and now. In both cases, wages had not kept pace with the rise in the cost of living, and high family take-home pay had been dependent upon such factors as overtime and the work of more than one member of the family—factors which disappear with the return to peacetime economy. In both cases, industry sought a return to prewar conditions, the effect of which would have been to reduce takehome pay in a drastic manner. In both cases, labor sought to combat this effect, to retain wage increases, improved working conditions and union recognition which had been won under the pressure of war production needs, and to adjust wage scales to the rise in the cost of living which had taken place during the war and which was continuing to take place. In both cases, the resulting economic conflict threatened to retard a return to full peacetime production. In the case of the conflict following the first war, the threat was removed following the economic conflict just outlined when industry and labor readjusted to the processes of collective bargaining which had been largely suspended during the war itself.

Current Differences From the 1920's

Of course there are important differences between the labor situation then and now. Labor organization then was in a stage of relative infancy. Radical labor leaders throughout the first war had taken a strong anti-war position which made it possible to attack them effectively as agents of Imperial Germany or Bolshevist Russia; further, the revolution taking place in Russia had made it relatively simple to discredit them. Labor had none of the statutory safeguards which exist today and was subject to the strikebreaking tactics which were in large part responsible for our present labor legislation. Labor's demands then were for the most part such as are now taken for granted, whereas today the issues have narrowed to a point where concessions to labor may be argued as encroaching more vitally upon management prerogatives. Finally, labor then had to face, with negligible political power, an openly hostile administration, whereas today we have an administration sensitive to the substantial political power which labor is in a position to exercise.

These distinctions, however, do not detract from the historical fact that the labor crisis following the first war was solved without appreciable Government intervention or specfic legislation. Such Government intervention as took place in particular disputes was in the form of court injunctions and police measures—intervention which, to a more limited extent, has taken place today, as in the case of the General Electric and Westinghouse strikes. Apart from a statute in Kansas requiring compulsory arbitration in labor disputes, which was opposed by both industry and labor and which was ultimately declared unconstitutional by the Supreme Court, the only significant legislation of the period was the Railway Labor Act of 1926, which, as amended in 1934, provides for mediation, fact-finding panels and suspension of the right to strike during the operation of this machinery. That Act grew out of experience with the legislation which had accompanied the return to industry of the railroads operated by the Government during the war. The Act contained terms agreed upon between industry and labor and as such constituted in effect the collective bargaining agreement of the parties for the railroad industry. It sets no real precedent, therefore, for the Administration's proposal for fact-finding boards, which does not have the approval of either industry or labor.

The Significance of Price Control

One basic distinction renders the situation today wholly different from the situation following the last war. That distinction lies in the existence today of price controls.

In his testimony before the Senate Committee, Mr. Davis predicted that our labor problem would be ended by Feb. 15, and that the wage pattern would be set by collective bargaining. Events have shown him wrong. Despite the hope that the steel settlement would set the pattern, the General Motors strike continues at this writing and there now threaten serious strikes in the coal and railroad industries. Moreover, even the wage pattern established by the steel settlement was not reached without a type of Government intervention which was surely not contemplated by Mr. Davis.

Mr. Davis' argument is based upon the premise that industry and labor should solve their own problems, with the Government's sole role that of conciliator or mediator. If the Government is placed in the position of a court of last resort, as it was during the war, one side or the other will at a certain point in the negotiations inevitably ask itself whether it cannot obtain better terms by applying to the court of last resort, an appeal which in any event will relieve the representatives at the bargaining table from responsibility to those whom they represent.

Price Control Render Government a Labor Court of Last Resort

Through price control, the Government is, in effect, a court of last resort. In a free market, the effect of wage concessions can be judged in terms of a variety of courses of action open to the employer, such as the possibility of price increases to the consumer and price reductions from the supplier. Price controls remove many of these alternative courses of action and lead to the single course of pressure upon the Government to increase or remove price ceilings. Faced with wage demands, on the one hand, and price ceilings, on the other, industry has generally taken the position that it will not grant wage increases without either the sanction of the Government for an immediate price increase or at least an approval of the Government which will leave industry free to request price increases should they at some future date appear to be justified. With the acceptance by Government of industry's position, the Government has in effect become the arbiter of wages as well as prices, and the argument that unfettered collective bargaining can alone set the wage pattern fails.

It is now obvious that the fundamental mistake took place immediately following V-J Day when the relationship between wages and prices was ignored and there was a precipitate and unqualified lifting of stabilization controls. The mistake was recognized last month and an attempt made to rectify it by the reinstatement of qualified stabilization controls in relation to prices. Commencing March 15, these controls, with limited exceptions, require Government approval for wage increases which may be used, in whole or in part, as the basis for requested increases in price ceilings. Essentially, the Government is reinstated as a labor court for the setting of wage patterns.

The relationship between price controls and wages has thus made it impossible for industrial peace to be attained solely through a return to the processes of collective bargaining. Moreover, the elimination at this time of price controls, far from solving the labor problem, would accentuate it because with the soaring prices which must inevitably ensue, labor would seek to reopen even such settlements as have thus far been made. Nor can restrictive labor legislation serve any useful purpose, for irrespective of the merits of any such legislation, it would not meet the problem of setting the wage patterns which must be set before labor can be expected to adjust itself to reconversion. Moreover, to the extent that such legislation would impair the right to strike and weaken labor strength in collective bargaining, it would penalize labor in a situation for which it is not responsible.

The problem now will find ultimate solution only when reconversion is an accomplished fact and supply and demand factors render price control unnecessary.

Incorporated Investors Elect Directors

BOSTON, MASS.—Incorporated Investors announce that Joseph P. Spang, Jr. and George C. Cutler have been elected to the Board of Directors. Mr. Spang is President of Gillette Safety Razor Company and Mr. Cutler, who recently joined the company, is a director of The Atlantic Coast Line R. R., the Louisville & Nashville R. R. Co. and Dun & Bradstreet. At a directors meeting following the annual meeting of the stockholders Mr. Cutler was elected Chairman of the Executive Committee.

Other business at the meeting was routine. The former officers and directors were re-elected, and a dividend of 20c a share payable April 30 to stockholders of record March 28 was declared.

Musson and Rand Back At B. J. Van Ingen Co.

James F. Musson, formerly a Lieutenant, A. A. F., and Richard N. Rand, formerly a Lieutenant, A. U. S., have returned from service and resumed their activities with B. J. Van Ingen & Co., Inc., 57 William Street, New York City.

Securities Salesman's Corner

By JOHN DUTTON

Everything we do, and how we do it, depends primarily upon an attitude of mind. It's the way we think that determines what we do, and how we do it, and to a large extent whether we make something worthwhile out of our lives or not. People taken collectively, exert their thinking upon the policies and philosophies of a nation; and to a large extent the welfare of all is governed by the thinking of each and everyone of us. When the people think straight the welfare of all is encouraged.

Each of us, as we go along from day to day, can exert an influence for good, for progress, for sound growth, for a better tomorrow—or we can drift, look for the easy way, and add to the jangle and the discord that clutters up our world today.

Right in our own industry there are now some who say, "let's get ours, this parade won't last but a year or two." There are others who are not interested primarily in "getting theirs"—they are the ones who are not afraid of what may happen when this parade is over. They are the ones who know that their greatest strength lies not in the size of the pile which they can amass, but on the strength of their own character, the keen edge of their own minds, and the high purpose which they put into their job from day to day. No depression ever wiped out any man who built upon such a foundation; and it seems to us that a fundamental cause of nationwide depressions are the direct result of expediencies, both on the part of politicians who help to create them, and the people who encourage them to do so.

There are salesmen who say, "I'll sell, anything, to hell with educating customers; they don't know what they want anyway. They are all a lot of greedy gamblers trying to get something for nothing." To a large extent these salesmen are right. The majority of people don't know a good investment from a bad speculation. They are also too lazy to try to find out even the basic fundamentals of what it takes to become a successful investor. Ours is a nation of economic illiterates. If this were not so we wouldn't be involved in the mess in which we find ourselves today. Most of the politicians who have lead us astray for many years, astutely recognize the fact that the majority of people cannot think straight when it comes to understanding even the most simple facts of our economic life. When Harry Hopkins said, "the people are too damned dumb to know any better" he expressed the political philosophy which believes in doing anything the great dumb public **likes**; even though it will harm them in the long run, because such a course of action means temporary political success. Only the voices of the exceptional men are raised in an outcry of righteous protest, when fallacies and expediencies are the order of the day.

Well, let them all have it. Let those who find satisfaction in gold or temporary political advantage look to their ill-gotten gains. Let those who believe that it takes a Government lawyer in an OPA, or an SEC, or any other policeman's garb to make the marts of trade a safe place for mankind to carry on its daily activities, think this way if they like it. But they will be among the missing when these days of expediency, and of deep rooted fallacy, have been discarded in the dust of failure and of error.

The basis for a good life is a true life. Character cannot be rationed by an OPA. Conscionable profits cannot be regulated by an SEC. Fair profits are a matter of morals not of rules, or yardsticks! The voice of the man who stands up and says to his customer, —"This security is a risky speculation, I'll stake my reputation upon it, I'd rather you bought it from someone else if you insist upon doing so," this is the man who needs no SEC, NASD, or any one else to tell him what is good for his customers. He is not thinking of today's dollar, he is sure of tomorrow's bread. The saleman who educates, who learns, and from his learning teaches; who is not satisfied with superficial answers to involved economic problems; WHO GOES IT THE HARD WAY IF YOU WILL; CALL HIM A FOOL, CALL HIM WHAT YOU MAY, BUT HE IS THE KIND OF AN AMERICAN THAT BUILT THIS COUNTRY. IF WE KEEP IT THE KIND OF A COUNTRY OUR FOREFATHERS ENTRUSTED TO US, IT WILL REMAIN SO BECAUSE OTHER MEN, IN EVERY PHASE OF BUSINESS ACTIVITY, REJECTED THE IDEA THAT THE END JUSTIFIES THE MEANS, AND THAT ONLY THE DUMB SHALL HAVE IDEALS.

Objects to Gestapo Methods of NASD

(Continued from page 1348)

your report you have already mentioned that at the low point in March, 1944, there were 2,180 members and that on Dec. 31, 1945 there were 2,372. This is an increase of *one* hundred ninety-two —not hundreds.

You also state, in connection with personal examinations, that new members "need and ought to be appraised of the responsibilities of membership and how they may best protect their own interests through conduct of their businesses in conformity with the Rules of Fair Practice and State and Federal laws. . . ."

Is it possible that you are implying that these new members cannot read? The laws of the States and the Government as well as the Rules of Fair Practice are all printed in plain English. If these new members cannot read and understand these regulations, then they should not be allowed to go into our business, but instead open up a peanut stand where no reading knowledge of English is required.

In connection with this idea of personal examination, would you subscribe to the police of your community making a practice of coming into your home periodically and going through your checkbook and other records to be sure you were coming by your money honestly? Or maybe *you* would not like it at all but would approve of the police entering the home of the *new* members of your neighborhood to give them a thorough search and a lecture to the effect that there were laws to obey. In spite of the fact that there are laws to obey, it is not the practice of the police to enter our homes and search our property or to give us lectures about the law. It is assumed in our Republic that all citizens realize the existence of the laws and will obey them. Thus your proposal to enter the offices of the new members "to apprise them of the responsibilities of membership" is pretty highhanded and is anything but complimentary to them.

In leading up to this expression of your belief in personal examinations, you say that "we have considered other forms of inquiry by which we might obtain broader insights in to members' practices." I was amazed at the implication of that statement and had no idea that the salaried Executive Director of our own Association, supported by our money, thought that our "practices" were anything but above reproach.

I refuse to believe that the National Association of Securities Dealers was set up for the purpose of casting suspicion of wrong doing on its members — in other words itself. We certainly didn't hire you to suspect us or to spy on us.

There are 2,372 members, and I'll bet my bottom dollar that 99.9% of them are absolutely honest and that being the case we should not be referred to, even in nice language, as a bunch of "Oxford Cases" in a state of suspended animation.

There is already too much of this business of somebody going through somebody else's books; somebody advising somebody else what they can or cannot do and usually that "somebody" is just about as conversant with the "business" as the Government agent who, during the depression, told a copper mining company that they could mine just so much *brass* and no more.

I believe the sentiment of the members to be against "staff examiners" making personal examination and that the questionnaire is more acceptable. Staff examiners are not apt to be very successful financially and what a beautiful chance to have the upper hand and make a recommendation that sole proprietor DX & Company (who made $25,000 last year) be slapped down for making excessive profits (in the examiner's opinion).

You referred in your report to the fact that you gave a speech on "Regulation vs. Regimentation" to the National Association of Securities Commissioners. Which side did you espouse? Which side are you on, regulation or regimentation? If the latter is your goal, I recommend that you be fired forthwith.

The National Association of Securities Dealers is the only trade association that I know of which goes out of its way to cast reflections upon its own membership rather than fighting to uphold their reputation, which is one of the purposes of its existence. It is high time that the securities industry through its Association put up a fight for its reputation rather than permit this Association to continue its "Caspar Milqueoast" attitude with the Securities and Exchange Commission as well as with the public. This constant admission that we have been, and still are, naughty boys certainly reflects a state of mind not in conformity with the dignity of the business. As a matter of fact the Securities and Exchange Commission itself has adopted no such assumption as to the crookedness of the industry as has the industry itself.

It is my conclusion that the sole objective of the NASD is to curb profits and then curb them some more. When, finally, there is no profit left in the business then there will be nothing left to criticize. All of your proposals, Mr. Fulton, are made with the objective to curb profits; all of this wrangle about 5%; the present questionnaire method of examination are all for the purpose of curbing profits.

We never hear anything to the effect that the customer should be advised to purchase *good* stocks and bonds. It apparently is all right if we sell them cats and dogs just as long as there is no profit made—that makes us honest.

Our firm has been laboring under the misapprehension that we should sell them *only* good stocks and bonds and make a profit—5% in most cases, yes—as a reward for our careful selections; for having done a good job.

We are not interested in the fact that the XYZ Company [name of company omitted by editor] or the other large firms make less than 5%. Their volume is hundreds of times greater than ours; they have large numbers of salesmen out ringing the doorbells for 25%-50% commission. They have trading departments doing a tremendous volume at spreads to the street of 2 to 3 points on many stocks selling at 50 to 60—and try and buy or sell in between. Nice business, making 3% and 4% markups in the so-called inside market. Who couldn't make money on a low mark-up to the customer with such a setup? *But*, and it is a mighty big *But*, most of us are not so set up; and at the same time we refuse to ring the doorbells for these firms on a 25%-50% commission of their low mark-ups—so we form a firm and go into business for ourselves. That's why there are 2,372 members of the NASD plus many hundreds of non-members.

Because of my belief that through these "other forms of inquiry to obtain broader insights into members' practices" looms regimentation, I feel constrained to withhold my identity until the members as a whole realize what is really in "The Year Ahead" and make known their resentment of "somebody" going through somebody else's books.

Had I ever known when I was training for this business in my younger days that I was joining a group of businessmen about whom doubts and suspicions would be cast (even by its own Association), I am very sure I would have made every effort to have become connected with another industry, and possibly would have made a better living. The larger investors are *not* among the people who sell securities. I see no millionaires being made in the securities business today.

I am sending copies of this letter to Mr. William K. Barclay, Jr., President of the National Association of Securities Dealers, and to the "Commercial and Financial Chronicle" in the hope that the latter will see fit to publish it for the opinion of the other members.

Sincerely yours,
AN OUTRAGED MEMBER.

Maj. Crawford Joins Schoellkopf, Hutton

Schoellkopf, Hutton & Pomeroy, Inc., 63 Wall Street, New York City, announces that Walter C. Crawford, Major, A.U.S., has become associated with the firm in its sales department. Major Crawford was in the service for five years, most recently as Inspector General for the Eastern Signal Corps Training Center at Fort Monmouth, N. J. He was formerly with Starkweather & Co. and prior to that was with Harris Forbes and Chase Harris Forbes.

Lamar & Kingston Is New Firm Name

NEW ORLEANS, LA. — Announcement is made of the withdrawal of John P. Labouisse from partnership in Lamar, Kingston & Labouisse, Canal Building, members of the New Orleans Stock Exchange, and of the continuance of the business of the firm under the name of Lamar & Kingston. Partners are Lamartine V. Lamar and Walter D. Kingston, the Exchange member.

Arthur Fine Co. Opens

Arthur Fine & Co. has been formed with offices at 138 West Seventeenth Street to engage in the securities business. Officers are Arthur Fine, President and Treasurer; and Marcy Leondar, Secretary. Mr. Fine was formerly head of Saga Securities, Ltd. and in the past of Arthur Fine & Co., Inc. Mr. Leondar in the past conducted his own business under the name of Marcy Investment Co. and Marcy Leondar Co.

Tackaberry Opens Office

BEVERLY HILLS, CALIF.—Dewey T. Tackaberry is engaging in an investment business from offices at 303 South Elm Drive. Mr. Tackaberry has recently been with E. F. Hutton & Co. and in the past acted as investment counsellor.

UNION CARBIDE AND CARBON CORPORATION AND SUBSIDIARIES

OPERATING IN THE UNITED STATES AND CANADA

CONSOLIDATED BALANCE SHEET

December 31, 1945

ASSETS

CURRENT ASSETS		
Cash		$104,658,962.10
United States Treasury Tax Notes		34,000,000.00
Marketable Securities (Cost or Market, whichever lower)		1,886,197.70
Receivables (After Reserve for Doubtful)		
Trade Notes and Accounts	$ 35,813,148.93	
Other Notes and Accounts	6,405,447.04	
Income and Excess Profits Taxes Refunds (*See Note 5*)	19,340,341.88	61,558,937.85
Inventories (Cost or Market, whichever lower)		80,067,182.50
TOTAL CURRENT ASSETS		$281,571,280.15
FIXED ASSETS (Cost or less)		
Land, Buildings, Machinery, and Equipment	$373,807,376.84	
Deduct—Reserves for Depreciation and Amortization	256,690,326.22	117,117,050.62
INVESTMENTS (Cost or less)		
Affiliated Companies	$ 2,011,132.14	
Foreign Subsidiaries	23,553,863.81	25,564,995.95
DEFERRED CHARGES		
Prepaid Insurance, Taxes, etc.		1,927,371.73
POSTWAR REFUND OF EXCESS PROFITS TAX (Only Canadian Companies)		1,897,009.96
PATENTS, TRADE-MARKS, AND GOODWILL		1.00
		$428,077,709.41

LIABILITIES

CURRENT LIABILITIES		
Accounts Payable		$ 17,748,841.16
Dividend Payable January 1 of following year		6,958,341.00
Accrued Liabilities		
Income, Excess Profits, and Other Taxes	$ 63,755,802.97	
Other Accrued Liabilities	4,249,620.86	68,005,423.83
TOTAL CURRENT LIABILITIES		$ 92,712,605.99
DEFERRED LIABILITIES UNDER GOVERNMENT CONTRACTS		1,625,298.26
ACCRUED PROVISION FOR WARTIME ADJUSTMENTS		9,891,852.08
RESERVE FOR POSTWAR CONTINGENCIES		15,000,000.00
CAPITAL STOCK OF UNION CARBIDE AND CARBON CORPORATION—9,277,788 shares of no par value not including 136,649 shares held by the Corporation	$192,879,842.43	
EARNED SURPLUS	115,968,110.65	308,847,953.08
		$428,077,709.41

CONSOLIDATED INCOME AND SURPLUS STATEMENTS

Year Ended December 31, 1945

INCOME

INCOME		$134,475,043.95
Deduct—		
Depreciation and Depletion	$ 14,857,663.67	
Amortization	22,829,818.96	
Interest	582,941.37	
Income and Excess Profits Taxes	58,315,093.84	96,585,517.84
NET INCOME FOR YEAR		$ 37,889,526.11

SURPLUS

EARNED SURPLUS AT JANUARY 1, 1945		$108,287,968.74
Add—		
Net Income for Year	$ 37,889,526.11	
Increase in Market Value of Marketable Securities at December 31, 1945	293,264.76	
Reduction of Valuation Reserve—Securities sold during the year	249,725.42	38,432,516.29
		$146,720,485.03
Deduct—		
Dividends Declared	$ 27,833,364.00	
Payments on Employees' Past-Service Annuities under Retirement Plan	2,919,010.38	30,752,374.38
EARNED SURPLUS AT DECEMBER 31, 1945		$115,968,110.65

NOTES RELATING TO FINANCIAL STATEMENTS

1—The principles used in preparing the accompanying consolidated statements for the year 1945 are as follows:

All subsidiaries that are one hundred per cent owned, and operate in the United States and Canada, are consolidated.

Current assets, deferred charges, current liabilities, and earnings of Canadian subsidiaries consolidated have been converted at the official rates of exchange. Other assets and liabilities of Canadian subsidiaries consolidated were converted at the prevailing rate at time of acquisition or assumption.

Foreign subsidiaries, all one hundred per cent owned, are shown as investments. Only that part of the income of foreign subsidiaries that was received during the year as dividends is included in income. Unaudited reports covering less than a full year indicate that the income of companies paying such dividends will exceed the amount of dividends paid.

Affiliated companies, less than one hundred per cent but more than fifty per cent owned, are also shown under investments. The equity in the net worth of some of these affiliated companies carried in investments at $1,357,510.83 increased $615,231.07 between January 1, 1938 (or date of acquisition, whichever is later), and the date of latest unaudited reports received. Of this increase, $219,581.87 is applicable to the current period. No reports are available for 1945 for the remaining affiliated companies carried in investments at $653,621.31. The consolidated income does not include any part of the undistributed net income of affiliated companies.

2—Payments relating to years prior to July 1, 1937, were made to insurance companies in the maximum amounts acceptable to such companies to apply toward the purchase of Past-Service Annuities under the Retirement Plan for Employees. These payments, amounting to $2,919,010.38, were charged to Surplus. This method has been consistently followed since the adoption of the Retirement Plan on July 1, 1937. Income and Excess Profits Taxes as computed for the year 1945 are lower in the amount of approximately $2,423,000.00 by reason of such charges to Surplus. Payments for the purchase of Future-Service Annuities were charged against income.

3—In the accompanying Consolidated Income Statement the items "Adjustments Relating to Prior Years" with respect to the year 1944, and as explained in Note 2 of Notes Relating to Financial Statements for that year, have been omitted.

4—As a result of the Presidential Proclamation on September 29, 1945, ending the emergency with respect to emergency facilities, there was additional amortization of such facilities of $17,552,057.10 applicable to the years 1941 through 1944. After allowance for Income and Excess Profits Taxes amounting to $13,610,846.50 the net amount of $3,941,210.60 has been charged to the Accrued Provision for Wartime Adjustments. Of this net amount, $1,403,453.17 applies to 1944. All emergency facilities completed on September 29, 1945, have been fully amortized, although many are still in use. There will be no charges against income in future years for depreciation or amortization with respect to such facilities.

5—Income and Excess Profits Taxes Refunds of $19,340,341.88 includes $5,729,495.38 Postwar Refund of Excess Profits Tax and $13,610,846.50 applicable to additional amortization of emergency facilities for the years 1941 through 1944.

6—The Trustee of the Savings Plan for Employees holds Collateral Debentures of Carbide and Carbon Management Corporation secured by 65,250 shares of stock of Union Carbide and Carbon Corporation under plans for employees. The assets held by the Trustee amounted to $4,007,705.83 as of December 31, 1945, and the unpaid balance of amount borrowed by the Trustee in connection with the purchase of debentures was $1,890,000.00. Union Carbide and Carbon Corporation has agreed to maintain the assets in the Trust Estate in an amount sufficient to permit the distribution of the Trust Estate to the persons entitled thereto.

7—A review of the operations for the year 1944 under the Renegotiation Act has not been completed. It is therefore impracticable to determine the effect of this Act on the operations for either 1944 or 1945. Any refund to the Government for 1944 under such Act will be charged to the Accrued Provision for Wartime Adjustments. No provision has been made out of 1945 income for refunds, if any, applicable to that year.

AUDITORS' REPORT

TO DIRECTORS AND STOCKHOLDERS OF UNION CARBIDE AND CARBON CORPORATION:

We have examined the balance sheet of Union Carbide and Carbon Corporation and its one hundred per cent owned subsidiaries operating in the United States and Canada, as of December 31, 1945, and the statements of income and surplus for the year then ended, have reviewed the system of internal control and accounting procedures of the companies and, without making a detailed audit of the transactions, have examined or tested accounting records of the companies and other supporting evidence by methods and to the extent we deemed appropriate. Except that it was not practicable to confirm receivables from United States Government agencies, as to which we have satisfied ourselves by means of other auditing procedures, our examination was made in accordance with generally accepted auditing standards applicable in the circumstances and included all procedures which we considered necessary.

In our opinion, the accompanying balance sheet and related statements of income and surplus present fairly the position of Union Carbide and Carbon Corporation and its subsidiaries consolidated at December 31, 1945, and the results of consolidated operations for the year, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

HURDMAN AND CRANSTOUN
Certified Public Accountants

New York, N. Y., March 9, 1946.

Inflation and Interest Rates

(Continued from page 1342)

endeavor, first, to analyze the forces working for inflation; second, to consider the factors operating at present in the money market, and third, to analyze the relationship, if any, between the movement of money rates and commodity prices.

The Problem of Inflation

The principal causes of inflation may briefly be summarized as follows: (1) the huge supply of purchasing power at the disposal of the people caused by the method of financing the war, (2) the scarcity of goods, (3) the psychological reaction of the people to the above factors, (4) the incipient spiral between wages and prices, and (5) the Treasury's policy. These factors combined have contributed to the increase in prices which has taken place since 1941 and so long as these factors exist there is a serious danger of inflation.

The huge supply of purchasing power at the disposal of the people in the form of currency and bank deposits is primarily due to the fact that a large portion of the public debt was monetized during the war. This purchasing power will continue to exist until the Budget has been balanced and the Treasury has a surplus and utilizes it to retire outstanding obligations held primarily by the commercial banks. Since, according to the President's Budget Message, the Treasury will still have a deficit of over four billion dollars during the fiscal year 1946-1947 and, therefore, will not be able to retire a portion of the public debt except through accumulated cash, it is of the utmost importance that the Treasury, through its refunding operations, shift a portion of the Government securities held by the banks into the hands of ultimate investors, such as insurance companies and savings banks. Unless serious efforts are made to reduce the volume of purchasing power at the disposal of the people it is bound to exercise a strong influence on commodity prices.

The scarcity of goods, while important at the moment, is less important than is generally believed. In the first place this scarcity is only temporary and is bound to disappear as soon as production is fully under way. It is a well known fact that the productive capacity of the country is larger today than ever before. While the productivity of labor has suffered during the war and particularly during the reconversion period, there is no doubt that it will increase at a rapid rate. Industrialists as well as labor leaders both realize that the high wage level which prevails at the present time can be maintained only through an increase in the productivity of labor and equipment. Otherwise prices are bound to increase and a spiral between wages and prices will ensue with the well known disastrous consequences.

Hence, while the shortage of commodities is of considerable importance at the present time, within a year or 18 months the supply of commodities will have increased materially. For the time being, however, the large supply of money at the disposal of the people combined with the shortage of commodities has a definite psychological effect on some people. With ample money to spend and goods scarce, many people are apt to buy commodities which they do not need, forgetting that excessive and unnecessary buying feeds the flames of inflation. If the majority of the people were to go on a buyer's strike and purchase only the basic necessities of life, the increase in prices would soon end.

Another factor which has contributed materially to the rise in prices, particularly during the last few weeks, is the increase in wages. High wages, unless counteracted by an increase in productivity of labor, are bound to lead to higher costs of production and, ultimately, to higher prices. The principal question, therefore, is how fast the productivity of labor will increase. Based on past experience one may adopt a rather hopeful view and assume that within a relatively short period of time the productivity of labor will exceed that which exsited in 1941 and that this will to a considerable extent counteract the increase in wage rates.

Problem of Treasury Policy

As regards inflation, therefore, one may draw the following conclusions. The principal problem at present is Treasury policy. While it is quite obvious that the Treasury must consider carefully the cost of carrying the public debt and the relationship between money rates and business activity, yet it is of greater significance that the Treasury consider the effects which its policies will have on the movement of commodity prices. Since it is generally agreed that too large a portion of the public debt has been monetized it is of the utmost importance that steps be taken by the Treasury to reduce the volume of Government securities held by the banks. This can be accomplished without materially influencing money rates.

Despite the great uncertainty which has prevailed since the new wage-price formula was adopted by the Administration, one is still justified in assuming that henceforth any increase in commodity prices will be only moderate. I do not expect the index of wholesale prices to increase by more than 10 to 12% from the present level. The most critical period will be the current year. If the line is held until production catches up with the demand—which should be towards the end of the year in many lines of business—and if the Treasury continues to reduce the volume of securities held by the banks and, thus, the volume of bank deposits, the danger of a serious inflation will have been eliminated.

Housing

The rather optimistic predictions concerning commodity prices cannot be made about housing. There is a real housing shortage which may last for several years and the cost of construction has increased materially. In addition, it is generally believed that real estate is a good hedge against inflation and this has greatly contributed to a rather sharp rise in prices of real estate. In fact one may go so far as to state that there is real inflation in real estate, urban as well as rural. The principal question is how long this will last. Obviously the answer to this question is unknown. Looking at it from the immediate range, prices of real estate are likely to continue to increase because the prevailing shortage cannot be alleviated in the immediate futur. Viewed, however, from the long range, a cautious policy is highly desirable, particularly on the part of mortgagees.

The future prosperity of the country will depend to a large extent upon the existence of a building boom. If one develops it will undoubtedly have an effect on older property. New homes will be designed to take into consideration the fact that the domestic help situation will continue to be tight and great efforts will, therefore, be made to incorporate labor-saving devices into homes. Investments in business property require even greater caution because it is fairly certain that every effort will be made to reduce the cost of distribution and in all likelihood this is bound to have an adverse effect on small retailers and hence on property used by them.

Interest Rates

The question of interest rates must be analyzed from two different angles: (1) namely, the supply and demand factors, and (2) the Treasury's policy. The supply of funds seeking investment in the immediate future is bound to be greater than the demand. This supply is derived in part from the amortization of outstanding mortgages and the operation of sinking funds of outstanding private obligations. It comes also from the huge collective savings of the people through insurance and pension funds which have grown rapidly in recent years. Furthermore, savings deposits are likely to continue to grow at a fairly rapid rate since as a general rule such savings move in unison with business activity. Since the outlook for business for the next few years is excellent, accompanied by a high national income and satisfactory employment, one may expect that the savings of the people will also be on a very high scale.

The demand for long-term capital will come from the following sources. There undoubtedly will be an increased demand for mortgage money and for capital to expand and enlarge existing industrial facilities. There may be a moderate demand for capital from foreign countries through the International Bank for Reconstruction and Development. On the whole, however, these sums are small and relatively insignificant when compared with the huge deficits of the Government during the last few years.

The prime question, therefore, is what the policy of the Treasury will be. If the Treasury should offer in the future 2½% non-eligibles for commercial banks then this rate will set a pattern for all other yields. In that case AAA corporate bonds will be selling to yield about 2¾%, and medium call bonds will be selling to yield a corresponding rate. If the Treasury should decide to offer 2¼% obligations to other than commercial banks then obviously the rate structure will adjust itself to a lower level. If, on the other hand, the Treasury discontinues entirely offering long term bonds and institutional investors are compelled to seek an outlet elsewhere, then obviously it is quite possible that the long-term rate on Government securities may decline to 2% with corresponding yields on other securities.

The Task of Fiscal Administration

The Federal Reserve authorities and the Treasury are today confronted with the task of evolving a credit policy which on the one hand would fight the forces of inflation and on the other hand would prevent a too rapid increase in money rates which obviously would increase the cost of carrying the burden of the public debt. What policy they will evolve is, of course, impossible to predict. However, in considering the question of money rates both the Treasury and the Reserve authorities must take into account the fact that the huge supply of purchasing power, created to a large extent through the monetization of the public debt, is inflationary in character. They determine to what extent they are in a position to reduce this purchasing power and what the consequences would be if they do not. Viewed from the point of view of the country as a whole it is more important at present to fight the forces of inflation than to prevent a moderate increase in the cost of carrying the public debt.

The Relation Between Interest Rates and Inflation

The general theory is that low interest rates tend to bring about an increase in prices while high money rates tend to depress prices. This theory is true when industry and trade are heavily indebted to the banks and when the narrowing of the credit base by the Reserve authorities leads to the calling of loans by the commercial banks or the adoption of a tighter credit policy by them, which in turn causes the liquidation of intories. It is doubtful, however, whether a definite connection could be established between prices and interest rates at the present time. This is primarily due to the fact that the volume of purchasing power at the disposal of the people, particularly in the form of deposits, is very great. An increase in money rates today would not lead to a liquidation in the volume of loans and could not restrict the use of existing deposits by individuals.

There is, however, a definite relationship between commodity prices and money rates in that both are influenced by the same factors. As was stated before, the monetization of a large portion of the public debt had an effect on commodity prices as well as on interest rates. In order to make it possible for the banks to absorb a large volume of Government securities the Federal Reserve Banks bought Government obligations in the open market and thus provided the member banks with the necessary reserves. The expansion of Federal Reserve as well as of commercial bank credit contributed to the decrease in money rates as well as to the increase in commodity prices. The same forces, namely, the monetization of a large portion of the public debt as well as the substantial expansion in Federal Reserve Bank credit created the excesss purchasing power in the hands of the people and contributed to the increased savings, individual as well as collective, of the nation.

If the war had been financed more through taxes and through the sale of Government obligations to ultimate investors then obviously the volume of deposits would not be as great as it is today.

While it is highly doubtful whether the low rates of interest had any direct effect on commodity prices indirectly, there is a relationship. Low money rates undoubtedly stimulated the shift on the part of some investors from bonds to common stocks and thus contributed to the sharp rise in prices of equities. The constant increase in prices of equities has led some to believe that the market forecasts inflation and encouraged the acquisition of whatever commodities could be purchased irrespective of price or necessity. Low money rates, and particularly the ease with which mortgage loans can be obtained at the present time, and the keen competition for mortgages among mortgagees have undoubtedly contributed to the sharp increase in prices of real estate. The problem today, however, is not so much one of bringing about an increase in money rates as a means to curb the forces of inflation but rather through a carefully devised Treasury policy to reduce the volume of deposits created through the monetization of the public debt and thus the purchasing power in the hands of the people.

Conclusion

The great problem which confronts the United States at present is whether or not the forces of inflation can be defeated. As was pointed out before, the principal cause of the danger of inflation is the faulty method of financing the deficits incurred during the past few years. The monetization of a large portion of the debt has led to a very large supply of purchasing power in the hands of the people. It is, therefore, evident that the principal means of fighting the threat of inflation is through a reversal of the policy which prevailed during the war. This in turn implies drastic reduction of Government expenditures, maintenance of high taxes, and a refunding policy which would reduce bank holdings of Government securities.

While the scarcity of commodities looms big at present this is only a temporary situation. If the forces of inflation are halted, the huge savings in the hands of the people will play an important role in the economic life of the country in years to come. They will constitute a cushion in the hands of many millions to tide them over periods of declining business ac-

tivity. If, on the other hand, the necessary measures are not taken and a sharp rise in prices occurs, there is a serious possibility that a flight from the currency and from savings may ensue, which would have adverse effects on all savings institutions and which might prove catastrophic to the entire economy of the country.

While the Treasury obviously cannot afford to ignore the cost of carrying the public debt, it would seem that money rates are already low enough and that a further decline from the present level is undesirable. To some extent low money rates have contributed to the danger of inflation, particularly in real estate. Recent developments indicate that the authorities in Washington are fully aware of the consequences that would arise from inflation. It is, therefore, to be hoped that they will take the necessary measures to prevent a sharp rise in prices of commodities and any further decline in money rates.

New NAM Directors

Robert R. Wason, President, of the National Association of Manufacturers, announced recently that the 1946 NAM board of directors had added nine new industrial leaders to its membership. The board now consists of 139 members. The new members are:

Paul N. Anderson, President, of the Dahlstrom Metallic Door Co., Jamestown, N. Y.; Roland B. Caywood, President, of the H. L. Lee Co., Inc., Kansas City, Mo.; J. M. Collins, President, of the Moore Drop Forgings Co., Springfield, Mass.; G. M. Foster, President of the John Morrell & Co., Ottumwa, Iowa; R. Kirby Longino, President of the Longino & Collins, Inc., New Orleans. Mr. Longino was a member of the board in 1944 and 1945, and has agreed to serve again; Fowler McCormick, President of the International Harvester Co., Chicago. Mr. McCormick also was a member of the 1945 board, and has been made a director again after a lapse of a few months in service; W. B. Morton, Chairman of the board and Treasurer, the Store Kraft Manufacturing Co., Beatrice, Neb.; Morris Sayre, President, Corn Products Refining Co., NYC.; Norman W. Wilson, President, Hammermill Paper Co., Erie, Pa. who served on the 1945 board and has agreed to serve this year.

Mtg. of N. Y. Chamber Burned at Anniversary

At the 177th anniversary banquet of the Chamber of Commerce of the State of New York, held on March 5 at the Waldorf-Astoria Hotel, 700 of the city's leading business men witnessed a pageant of notable events in the history of the city, State and nation with which the Chamber was concerned, dating back to the time of its founding in 1768, and at the conclusion joined in applauding the burning of the $400,000 mortgage on the organization's property at 65 Liberty Street.

The pageant opened with the showing of a pre-Revolutionary scene on the screen and the singing of "Memories" by a quartet, followed by a picture of Fraunces Tavern, in Broad Street, where on April 5, 1768, 35 of New York's leading merchants met to organize the Chamber. Their purpose was "to promote and encourage trade, support industry, adjust disputes relative to trade and navigation and procure such laws and regulations as may be found necessary for the benefit of trade in general." Two years later the Chamber received its original charter from King George III of England.

The ticking of a clock signified the passing of time as a narrator described the customs and habits of the people of New York in Colonial days and events leading up to the Revolution. He also described the Chamber's efforts after the Colonies won their independence to help establish rules for business integrity and a sound system of currency in the newborn Republic. Carrying the story through the years, the narrator told of the Chamber's interest in the then-proposed construction of the Erie Canal, the development of a steam locomotive by Peter Cooper, one of its members, and the laying of the Atlantic Cable which was conceived by two Chamber members, Cyrus W. Field and Cooper.

Among other accomplishments of the Chamber which were referred to in pictures and recital were its campaign to insure a pure and adequate water supply for New York, its solution of the financing of the city's first subway system and its part in securing other important municipal public improvements.

At the conclusion of the pageant, Mr. Lincoln introduced Frederick H. Ecker, William L. De Bost, J. Barstow Smull, Thomas I. Parkinson, Richard W. Lawrence and Percy H. Johnston, all former Presidents of the Chamber, who spoke in a reminiscent and congratulatory vein. Messages were also read from three absent former Presidents, Irving T. Bush, Winthrop W. Aldrich and Frederick E. Hasler.

Mr. Lincoln and Peter Grimm, Chairman of the committee which raised the money to pay off the mortgage, officiated at the ceremony of burning the actual mortgage over a silver bowl on the dais, which concluded the dinner.

New York Security Dealers Association

G. R. Howatt, *Public National Bank & Trust Co.;* Theodore Winter, *Wm. P. Hoffman & Co.;* Wm. E. Nulty, *Francis I. du Pont & Co.;* J. Bloom, *Public National Bank & Trust Co.;* Murray Lavin, *Allen & Co.*

John French, *A. C. Allyn & Co.;* Tom Greenberg, *C. E. Unterberg;* Irving Maxfield, *Cohu & Torrey;* James Sebold, *Neergaard, Miller & Co.;* Ed. Opper, *E. H. Rollins & Sons,* Boston.

Charles A. Gingell, *Barclays Bank, Ltd.,* N. Y. City; W. F. Thompson, *Greene & Co.;* Joseph R. Work, *Weiss, Work & Co.,* Cincinnati, Ohio.

A. M. Metz, *Attorney.*

Howard Calkins, *Albert Frank-Guenther Law, Inc.;* Norris Jackson, *Hall, Tattersall & Co.,* Philadelphia; Seymour Ross, *Hall, Tattersall & Co.,* Philadelphia; Howard C. Allen, *Albert Frank-Guenther Law, Inc.*

N. S. Organ, *Ward & Co.;* M. F. Klein, *Ward & Co.;* Glen Darfler, *Kneeland & Co.,* Chicago; Bertram Seligman, *Ward & Co.;* Tom Doyle, *Ward & Co.;* Irwin Mitchell, *Ward & Co.;* John Crawford, *Ward & Co.*

Phillip Gossler, *Bonner & Gregory;* Cy Murphy, *Mackubin, Legg & Co.;* Lud Strader, *Scott, Horner & Mason,* Lynchburg, Va.; Milton Van Riper, *Mackubin, Legg & Co.*

J. Arthur Warner, Ted Plumridge, Joseph H. Young, Ted Moynahan, *J. Arthur Warner & Co.*

Bill MacDonald, *Paul & Co., Inc.,* Philadelphia; George Kirtland, *E. H. Rollins & Sons, Inc.;* George Hoffman, *Kobbe, Gearhart & Co.;* Herman Liberman, *Newburger & Hano;* Bill Raffel, *Collom, Raffel & Co.,* Philadelphia.

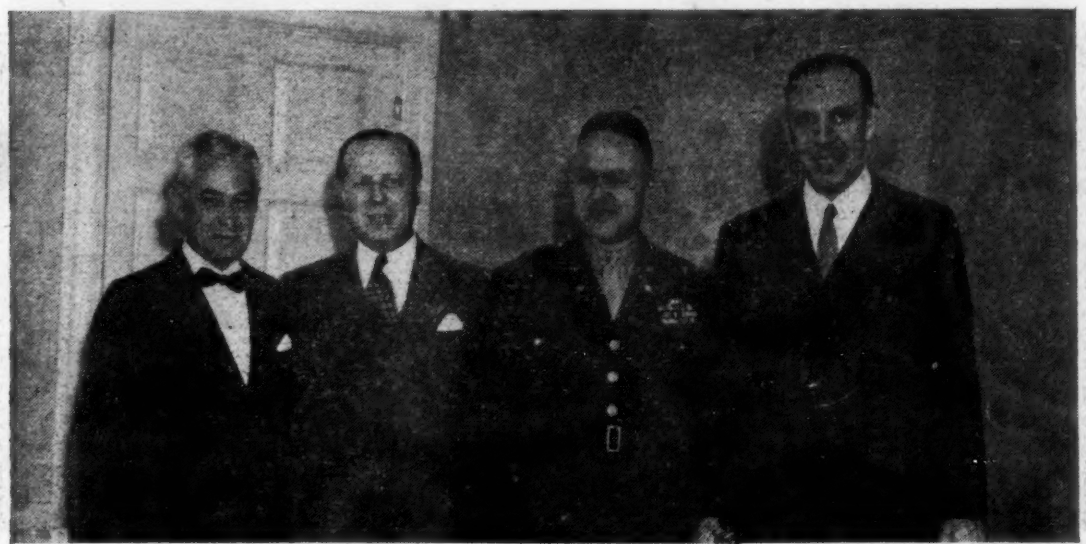
Twentieth Anniversary Dinner

Gus Levy, *Goldman, Sachs & Co.;* M. J. Gartman, *Josephthal & Co.;* Connie Sheridan, *Mitchell & Co.;* Lester Greenwald, *Wellington & Co.*

H. Gersten, *Hettleman & Co.;* Z. Salkay, *Kobbe, Gearhart & Co.;* Sam King, *King & King;* Larry Wren, *Allen & Co.;* Martin King, *King & King.*

Robert I. Herzog, *Herzog & Co.:* Murray Barysh, *Ernst & Co.;* Lester Pett, *R. H. Johnson & Co.;* Henry Harris, *Goldman, Sachs & Co.;* Howard White, *Stifel, Nicolaus & Co., Inc.*

Bob Lienhard, *Troster, Currie & Summers;* Maurice Hart, *New York Hanseatic Corp.;* Charles Goldschmidt, *Maples & Goldschmidt,* So. Norwalk, Conn.; Walter Filkins, *Troster, Currie & Summers.*



Meyer Willett, *C. E. Unterberg & Co.;* Edwin L. Beck, *Financial Chronicle;* Col. Oliver J. Troster, *Troster, Currie & Summers;* George Textor, *Marine Midland Bank & Trust Co.*

Ed. Opper, *E. H. Rollins & Sons,* Boston; Fred C. Adams, *Frederick C. Adams & Co.,* Boston; Walter Breslav, *Hincks Bros. & Co., Inc.;* Bridgeport, Conn.; Ed. Gutberlet, *Paine, Webber, Jackson & Curtis.*

King Gehgan, *Ira Haupt & Co.;* T. C. McCune, *Adams & Co.,* Chicago; B. W. Pizzini, *B. W. Pizzini & Co., Inc.*

Lewis Levine, *Sartorius & Co.;* Harry Michels, *Allen & Co.;* Edward Gray, V.-P. *New York Stock Exchange;* Murray Lavin, *Allen & Co.*

Held at Waldorf-Astoria March 8, 1946

James D. Gerahty, *First Colony Corp.;* Carl M. Trotte, *First Colony Corp.;* John L. Prescott, *Prescott & Woodin,* White Plains, N. Y.; Harold A. Swarthout, *First Colony Corp.*

Emil J. Pattberg, *The First Boston Corp.;* Wm. E. Pollock, *Wm. E. Pollock & Co., Inc.;* David J. Garvin, *C. J. Devine & Co., Inc.;* Morris Sprayregen, *Eisele & King, Libaire, Stout & Co.;* Edward Gray (standing), V.-P. *New York Stock Exchange.*

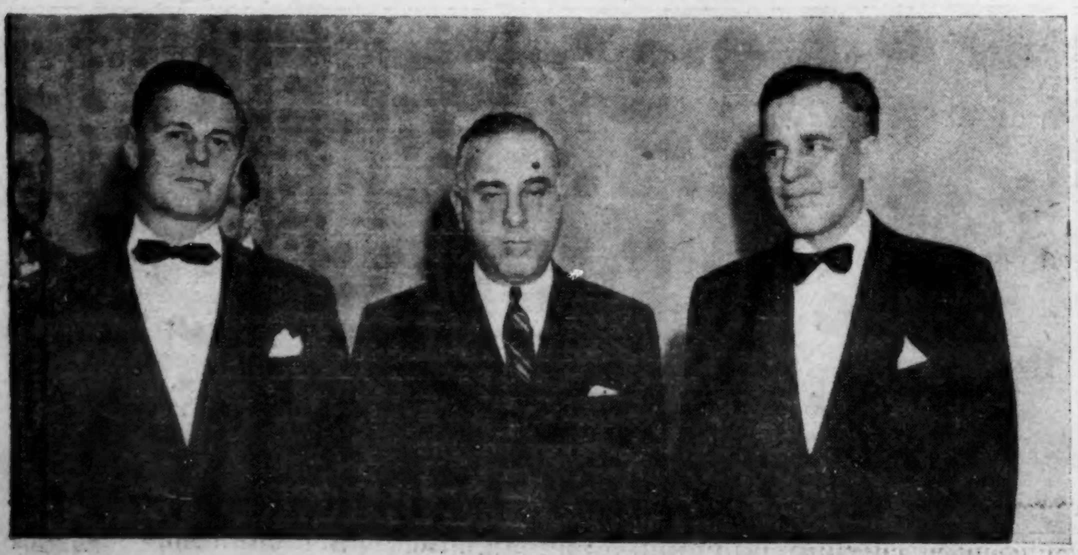
Wm. Hart Smith, *Hart Smith & Co.;* Wm. H. A. Basserman, *Bank of Montreal, N. Y. City.*

Emil Schram, *President N. Y. Stock Exchange;* James A. Treaner, *SEC.*

Hugh Devlin, *Amos Treat & Co.;* John H. Stevenson, *Ward & Co.;* Irving Stein, *L. D. Sherman & Co.*

John P. O'Rourke, *J. P. O'Rourke & Co.,* Chicago; Thomas Love, *Geo. E. Snyder & Co.,* Philadelphia; Edward J. Caughlin, *Edward J. Caughlin & Co.,* Philadelphia; John F. McLaughlin, *McLaughlin, Reuss & Co.;* John M. Mayer, *Merrill Lynch, Pierce, Fenner & Beane.*

L. H. Bradshaw, *National Securities & Research Corp.;* Ira Jones, *National Securities & Research Corp.;* E. H. Cunningham, *Blair F. Claybaugh Co.;* Walter Smith, *National Securities & Research Corp.*



Bill Kumm, *Dunne & Co.;* Charles D. Gilbert, *Eisele & King, Libaire, Stout & Co.;* Philip Carret, *Carret, Gammons & Co.*

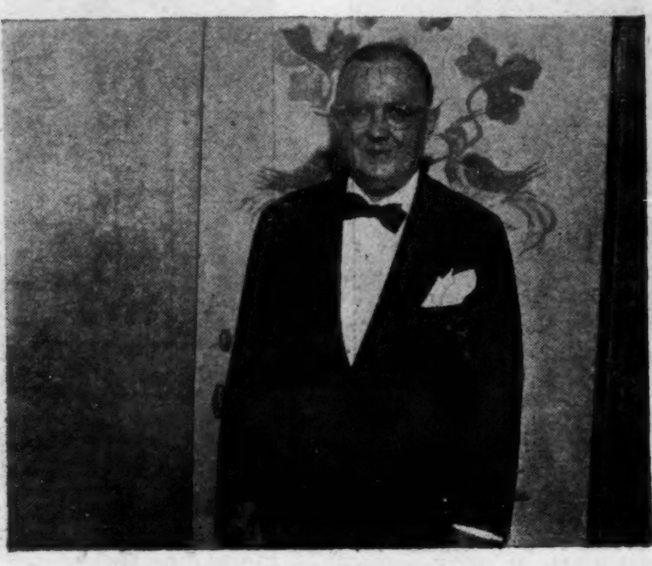
George E. Nelson, *Bonner & Gregory;* L. H. Rand, *Bonner & Gregory;* Joseph Sener, *Mackubin, Legg & Co.,* Baltimore; M. H. Townsend, *Bonner & Gregory.*

Attended by More Than 1000 Members and Guests

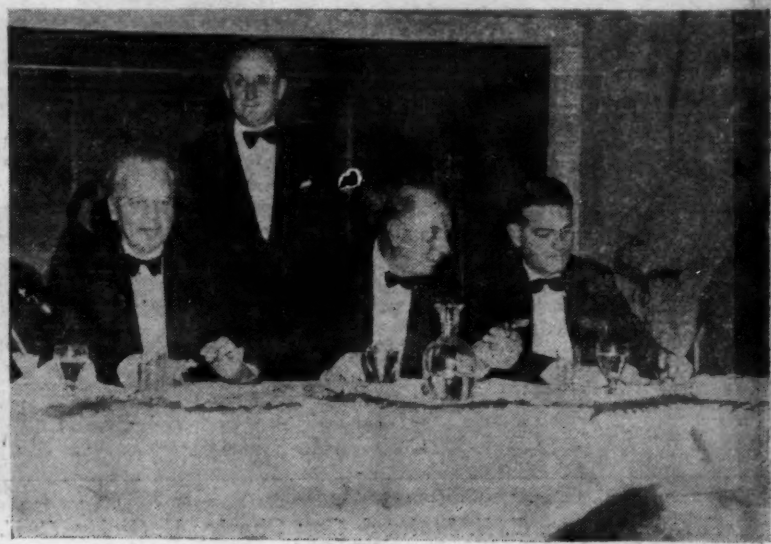
Walter Brailsford, *Brailsford & Co.*, Chicago; Otto H. Steindecker, *New York Hanseatic Corp.*; Robert Strauss, *Strauss Bros.*, Chicago; Hanns E. Kuehner, *Joyce, Kuehner & Co.*; N. Leonard Jarvis, *New York Society of Security Analysts.*

Karl D. Pettit, Jr., *Knickerbocker Shares, Inc.*; Harold B. Smith, *Collin, Norton & Co.*, N. Y. City; Clifton B. Smith, *Francis I. du Pont & Co.*; Bill Sheprow, *Fitch Publishing Co.*; Rollo Betts, *Karl D. Pettit & Co.*

S. M. Walter, C. Newton Mumey and Lester Mitterly, *S. M. Walter & Co.*, Harrisburg, Pa.



Alfred E. Loyd, *Executive Secretary of the New York Security Dealers Assn.*



Sumner Pike, *Commissioner SEC*; F. J. Rabe, *F. J. Rabe & Co.*; Emil Schram, *President N. Y. Stock Exchange*; Frank Kernan, *White, Weld & Co.*

Gerald Kane, *Luckhurst & Co.*; Gus Grindel, *Francis I. du Pont & Co.*; Frank Barrett, *Francis I. du Pont & Co.*; Herbert Singer, *Luckhurst & Co.*

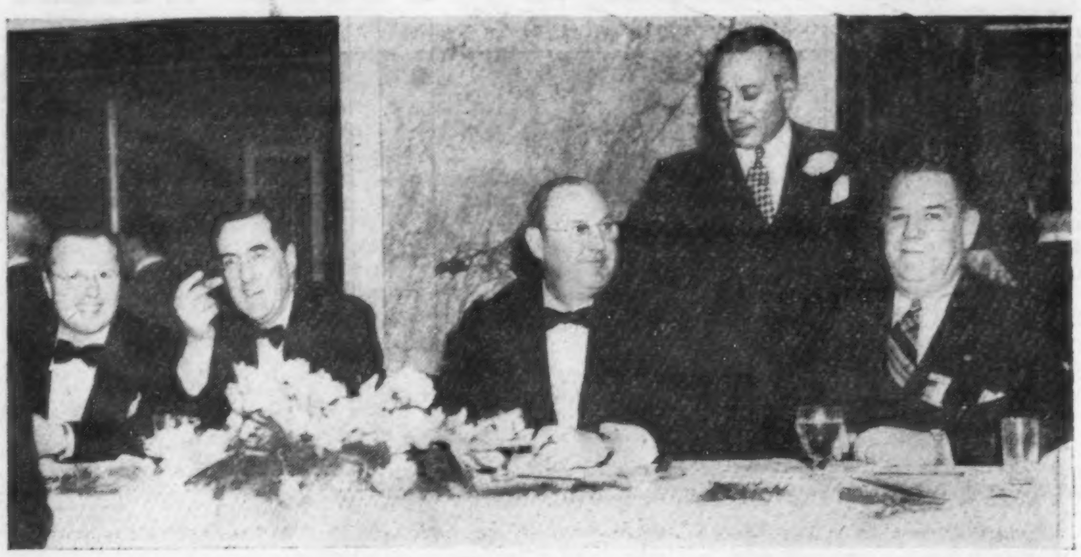
Douglas G. Bonner, *Bonner & Gregory*; Richard K. Buechler, *Lehman Brothers*; Edward Plotkin, *Bendix, Luitweiler & Co.*; Harold Frank, *Bonner & Gregory.*

Bertram Seligman, *Ward & Co.*; Glen Darfler, *Kneeland & Co.*, Chicago; Dayton Haigney, *Dayton Haigney & Co.*, Boston; Edward Ruskin, *Ward & Co.*; Emil Kumin, *Estabrook & Co.*, Boston.

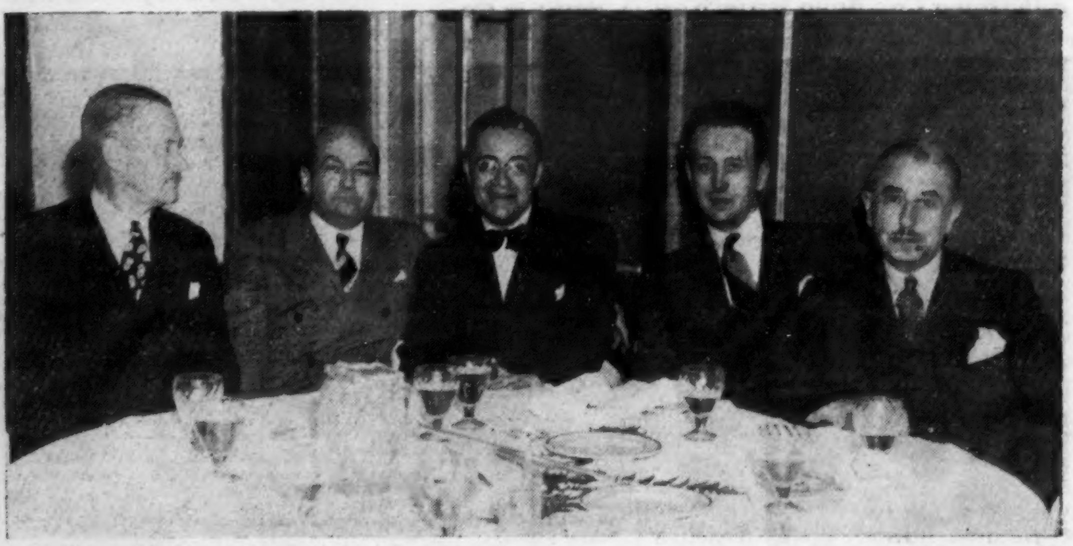
William M. Cahn, Jr., *Henry Herrman & Co.*; Erwin Stugard, *Bond & Goodwin, Inc.*; Frank Dunne, *Dunne & Co.*; Tracy R. Engle, *Buckley Brothers*; Wm. K. Barclay, Jr., *Stein Bros. & Boyce*, Philadelphia.

Gathering Pronounced Huge Success

Mel Wien, *M. S. Wien & Co.*; T. Geoffrey Horsfield, *Wm. J. Mericka & Co., Inc.*; Ed. Rochat, *F. L. Grady & Co.*; Joseph Bond, *Wm. J. Mericka & Co., Inc.*

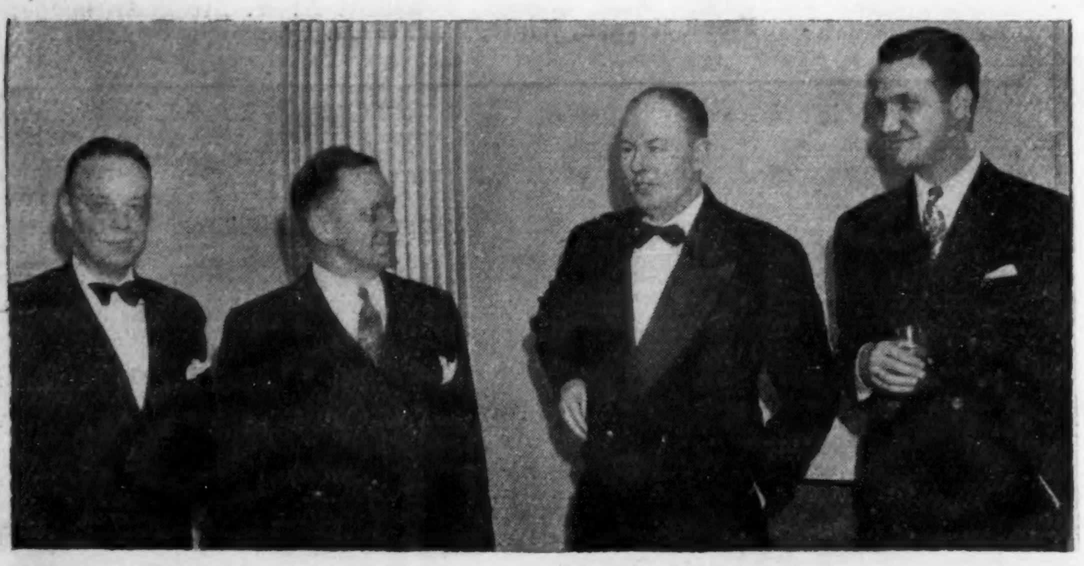


George Geyer, *Geyer & Co., Inc.*; Wallace Fulton, *NASD*; Walter R. Brailsford, *Brailsford & Co.*; Harry Glaser; John J. O'Kane, *John J. O'Kane, Jr. & Co.*



Frank Pierce, *C. E. Stoltz & Co.*; Charles E. Stoltz, *C. E. Stoltz & Co.*; Sidney A. Shaskan, *Shaskan & Co.*; Fred W. Opitz, *Roberts & Co.*; Godfrey Bligh, *R. M. Smythe & Co., Inc.*

Richard May, *F. Bleibtreu & Co., Inc.*; John O'Neill *Stein Bros. & Boyce*, Baltimore; Leo Goldwater, *L. J. Goldwater & Co.*; Leo Adler, *E. F. Hutton & Co.*; Bruce Briggs, *Mackubin, Legg & Co., N. Y. City.*



W. A. Gorman, *Link, Gorman & Co.*, Chicago; S. A. Sandeen, *S. A. Sandeen & Co.*, Rockford, Ill.; H. D. MacFarlane, *Alfred O'Gara & Co.*, Chicago; D. J. Harris, *Sills, Minton & Co., Inc.*, Chicago.

Howard White, *Stifel, Nicolaus & Co., Inc.*; Henry Harris, *Goldman, Sachs & Co.*; Leonard Sullivan, *Phelps, Fenn & Co.*; P. F. Fox, *P. F. Fox & Co.*; Joe Markman, *E. W. Smith & Co.*; Al Abelow, *Mitchell & Co.*

W. J. Butler, *F. S. Moseley & Co.*, N. Y. City; H. J. Simonson, Jr., *National Securities & Research Corp.*; Frederick C. Bertsch, Jr.; *Riter & Co.*; Douglas Laird, *National Securities & Research Corp.*

John I. Griebel, *F. P. Ristine & Co.*; Chester A. Alberts, *C. A. Alberts & Co.*; E. A. Hansen, Donald Ross, *Chemical Bank & Trust Co.*; George Alberts, *C. A. Alberts & Co.*

"Our Reporter on Governments"

By JOHN T. CHIPPENDALE, JR.

The Government bond market continues to fluctuate within a narrow trading range, and no important move in either direction is anticipated until some of the recent developments which have caused this uncertainty have been clarified. . . . The retirement in cash of part of the certificates on March 1 resulted in a decline in excess reserves of $240,000,000. . . . However, it is still too early to know what the policy of Federal will be with reference to the excess reserve position of the banks. . . . Nothing much may be available on this situation until after the March 15 payoffs, which could mean that it might be well into April before any trend is discernible in the Central Bank's policy on excess reserves. . . . The refunding controversy is still with us, and reports from the nation's capital indicate that the Reserve Board may seek greater power over reserve requirements of the system. . . . Therefore, is it little wonder that the government securities market has no definite trend in face of these uncertainties? . . .

The best acting securities recently have been the bank eligible obligations with a firmness noted throughout the whole list of these bonds. . . . Trading has not been heavy in these obligations, but some demand has come from the smaller institutions. . . . The 2½s due Sept. 15, 1967/72, the 2s due Dec. 15, 1952/54, and the 2s due Sept. 15, 1951/53 were among the favored issues in a dull market. . . .

The restricted obligations moved up on reports of no new money financing this year, although the demand was not wide-spread, since most of the non-bank investors continue to remain on the sidelines. . . .

On Wednesday the market turned lower on very light volume as a result of such factors as income tax payments, war loan calls and unsettled world conditions. . . .

TREASURY HOLDS THE KEY

The refunding operation of the Treasury is now one of the most important factors in the money markets. . . . There is no question of interest rates involved in this operation, since the experience in England and more recently that in Canada, proves that interest rates will be what the Government wants them to be. . . . This means they will be low. . . . The refunding operation of the Treasury, part of the debt management program, is now concerned with the inflationary phase of the situation, since the Government by its handling of the refunding will decrease deposits and cut down purchasing power, a desirable development. . . .

The Federal Reserve Banks and the Treasury are the agencies that will carry out the debt management and while they are independent of each other, the wishes and desires of the Treasury prevail. . . . The Treasury knows that they will not need new money for a long time. . . If it should be necessary they can "roll over" bills and certificates and pay off called and matured obligations. . . . With a high level of business activity indicated and larger social security payments to be expected, the Treasury will not need new money. . . .

WHY BORROW?

If there is no need to borrow funds to meet maturities or called obligations, for what purpose should the Treasury borrow? . . . It seems as though the only reason that the Treasury should seek new funds would be to reduce deposits. . . . This would be an inflationary control measure, since the funds that would be raised through the sale of long-term high coupon obligations to non-bank investors would be used to retire short-term securities, such as certificates held by the commercial banks. . . . This would reduce deposits provided ultimate investors did not sell bank eligible issues to the deposit institutions. . . .

There is little doubt that the Treasury would carry out this operation at once if they were sure of a way to prevent non-bank holders from selling bank eligibles. . . . As long as it is absolutely necessary for deposits to be reduced in order to combat the inflationary forces, it is a safe bet that the Treasury will continue to pay off called and matured issues, which will definitely decrease deposits. . . .

QUICK MOVE INDICATED

When the inflation fear has diminished and there can be refunding operations without an absolute decline in deposits, it is likely that bonds will be sold to ultimate investors. . . . Likewise when this operation is undertaken, it will probably be handled in such a manner that there will be very little time between the actual operation and the announcement. . . . This would give non-bank holders only a minimum of time to dispose of bank eligible issues, the proceeds from the sales of which could be used to pay for the new money bonds. . . . This type of refunding could decrease deposits but is not as sure a method as the one now being used by the Treasury. . . .

HIGHER RESERVES?

Reports that the Federal Reserve Board would seek additional powers over reserves of the system in the near future raises the question, what would be the effects of higher reserve requirements on the Government bond market? . . . If reserve requirements were increased substantially above present levels, it would mean that member banks would either have to borrow from Federal or sell short-term Government obligations. . . . Most likely the banks would sell securities rather than borrow and the only buyers of the shorts would be Federal. . . .

By buying the short-term obligations that the banks would sell, Federal would be supplying the market with the reserves to broaden the credit base while on the other hand the increased reserves would narrow the base. . . .This seemingly senseless operation would impair the Government bond market. . . .

A BAD EFFECT

Assume that the Federal Reserve Board had the authority to force the banks to sell certain obligations in their portfolio, and they ordered the deposit institutions to dispose of 15% of their long bonds and invest the proceeds in shorts. . . . There would be no change in deposits, purchasing power, or debt service by this operation. . . . It would have a very bad effect on bank eligible obligations, since non-bank investors would not be interested in buying these bonds, until they approached levels corresponding to those of the restricted issues. . . .

It would undermine confidence in the Government bond market and would result in a sizable break in prices of Government securities. Nothing would be gained by such action. . . .

STORM WARNING

Although it is not believed that there will be adverse banking legislation during 1946, there are several pieces of legislation in preparation that will no doubt come into prominence during 1947. . . . Under the guise of fighting the forces of inflation, they have the basic idea of reducting the debt burden at the expense of the banks. . . .While the proposals range all the way from increased reserves to special types of securities for the investing of these reserves, the ideas seem to embody most of the undesirable features of the 100% reserve banking plan. . . .

There could be real danger in some of these suggestions, particularly those that would exempt the smaller banks from these requirements since this would greatly weaken the resistance of the banking system to these ideas. . . .The 1947 models of the 100% reserve plan in streamlined form must be watched and studied very carefully. . . .

Intervention in Spain Unwise!

(Continued from page 1345)

Spain that besides lip service, the Spanish Government gave very little to Hitler during the war. It sold raw materials to both sides, which it had a right to do, and finally, at the request of our Ambassador, cut off all supplies to Germany. The sole contribution in the way of troops was one token division and one air squadron which was sent to fight the Russians who lent aid to Franco's enemies during the civil war. The division was subsequently recalled at the request of our Ambassador Carlton Hayes.

Contrast Russia's behavior with that of Spain's during the same period. Stalin not only collabororated with Hitler in starting the war but with large armies invaded and seized half of Poland and a large section of Finland and the Baltic countries. In addition Stalin supplied Hitler's armies with raw materials and goods and cut off supplies to the Allies until the "wolf turned on the jackal" in July, 1941.

If Russia's behavior is to be excused on the ground of expediency, so should Spain's which was far less able to cope with Hitler's threat of invasion than the Reds were.

The dominant group in the United front which Franco overthrew consisted chiefly of self-proclaimed Anarchists, Communists, Syndicalists and Socialists who during the Spanish civil war on a large scale destroyed churches, shot down and butchered unarmed priests and nuns by the thousands. That is the group that Stalin and his cohorts all over the world want to see restored to power in Spain. No one is so naive now as to believe that Stalin has any interest in promoting democracy in Spain.

It is my conviction that wittingly or unwittingly our policy of cooperating with Communist-Socialist dominated France, we are playing Stalin's game. If a monarchistic or truly democratic regime were established in Spain the Russia Communists and their agents all over the world would not be satisfied, and would continue their attacks on the new Spanish Government with the same intensity that they are now attacking the present regime.

When the Spanish picture is analyzed in cold light of realism, the only true reason that the communistic and left-wing elements are opposed to Franco is not because of his lack of love for democracy but because he defeated their plot to communize Spain when they thought that unfortunate country was in their grasp. As Winston Churchill, when he described communism and its methods in 1937, said:

"Is it not an exact account of the communistic plot which has plunged Spain into the present hideous welter against the desires of the overwhelming majority of Spaniards on both sides?"

Very truly yours,

WILLIAM D. BARRY,

Member of Congress

Trust Co. of Ga. to Have NY Representative

The Trust Company of Georgia on March 15 will open an office at 15 Broad Street, New York City, to represent the investment department. Lloyd B. Hatcher, vice-president, will be representative in charge. Joseph J. Sheehy will act as municipal bond trader.

Gilcrease Oil of Texas Becomes NASD Member

Gilcrease Oil Company of Texas, 165 Broadway, New York 6, N. Y. have become members of the National Association of Securities Dealers, Inc., and have announced their intention to specialize in the undewriting of oil company securities exclusively.

Kaiser Opens Branch in Spokane, Wash.

SPOKANE, WASH.—Kaiser & Co., members of the New York and San Francisco Stock Exchanges, have opened an office in the Paulsen Building under the management of T. Edward O'Connell. Mr. O'Connell has been active in the investment business in the Pacific Northwest for many years, recently with Murphy, Favre & Co.

Schafer Bros. to Admit

Schafer Bros., 120 Broadway, New York City, members of the New York Stock Exchange, will admit Milton L. Levy to limited partnership on April 1.

Factors Favoring Loan to Britain

(Continued from first page)

throughout the British Commonwealth of Nations. The relaxation of these controls unquestionably will influence public policy in all other nations, with the exception of those few which are definitely wedded to a system of rigid state capitalism. The relaxation of controls will gradually have the effect of retransferring the handling of foreign trade from governments and governmental units to private enterprise. In particular, the relaxation of controls will enable business men of this country to participate again in foreign commerce throughout the world. As long as foreign trade is a monopoly of governments, it will tend, from the very nature of government trading, to be bilateral in character. Only if the business men of all countries can participate in foreign commerce, without undue restrictions and on a basis of equality, will foreign trade tend to become multilateral in character. Since the operation of private enterprise in the economic field is the counterpart of democratic action in the political field, the relaxation of controls will give support to and will promote the forces of political democracy.

My appearance before your Committee is not only in my capacity as Chairman of the Board of Directors of The Chase National Bank, but also as President of the International Chamber of Commerce and Chairman of the Committee on International Economic Policy. I think you are all familiar with the work of the International Chamber of Commerce which, since its organization in 1921, has worked unceasingly for freer international trade and better economic relationships among nations.

The Committee on International Economic Policy is an outgrowth of the work of the American Section of the International Chamber of Commerce, now known as the United States Associates of the International Chamber of Commerce. The Committee on International Economic Policy, in cooperation with the Carnegie Endowment for International Peace, has over the past two years issued a series of pamphlets on various subjects in the field of international trade and international commercial relations. I have brought a set of these studies with me (ten in all) and would like, if I may, to place them on record. You will note that each of the studies was prepared by an expert in the field covered. The names of the members of the Committee on International Economic Policy are given in the pamphlets, as well as the personnel of an Advisory Committee on Economics, of which Professor James T. Shotwell of Columbia University is Chairman. Financial support for the work of the Committee has been obtained from the Carnegie Endowment for International Peace, from the United States Associates of the International Chamber of Commerce and from various private organizations, firms and individuals.

The Committee on International Economic Policy, through its Executive Committee, has given its support to the Anglo-American Financial Agreement of December 6, 1945 in a brochure entitled, "15 Facts on the Proposed British Loan," which I would also like to place on record.

Not only the Committee on International Economic Policy, but also the United States Associates of the International Chamber of Commerce, have endorsed the proposed line of credit to the United Kingdom. These two groups have taken this action because they are convinced that the granting of this line of credit will be a major step in the restoration of world commerce and the elimination of state control and state direction of world trade. As I indicated a moment ago, it will create a situation in which the dynamic forces of private enterprise can have full scope in the development of international trade, and in which small as well as large business can engage freely and actively in the exchange of products across frontiers. In making most effective use of the resources of the world and the talents of mankind, this will contribute to the well-being of all peoples and lay a firm basis for international peace.

The proposed line of credit of $3,750,000,000 will provide England with about 70% of the foreign exchange she will require in a transitional period lasting perhaps five years.[1] The balance of her requirements for foreign exchange will be met by borrowings in Canada totaling $1,250,000,000, by utilization of South African gold, by drawing upon the net gold and dollar reserves of the British Government (which amount to about $1,800,000,000) and by use, if necessary, of the International Monetary Fund.

Together with the other foreign exchange resources, the proposed credit will care for England's needs during the transitional period. If her transitional requirements are met, the British Government can relax foreign exchange and trade controls and take action to solve England's long-run economic problems. And one should add that such action can be taken only if the transitional requirements are met.

The long-run economic difficulties which beset England can be solved only by a sharp rise in British exports relative to imports. Increases in British exports will depend upon such variables as the productivity and efficiency of British industry, the level of national incomes throughout the world, and the willingness of nations to reduce trade barriers.

As you know, the line of credit can be drawn upon any time between the date the Congress of the United States appropriates the necessary funds and December 31, 1951. The credit will be drawn upon only as required and England will not use more than is absolutely required. In the early part of the period England doubtless will continue import licenses to make certain that the credit is not dissipated in the importation of luxury goods. These controls will be gradually relaxed as British export trade is reestablished.

The manner in which the credit may be used can be illustrated by an example of a foreign trade transaction. Let us assume that British manufacturers require cotton from the United States to the value of 100 million dollars for the purpose of producing textiles for sale at home and abroad. The Bank of England, acting as agent for the British Government, would, by drawing against the American credit, sell to the textile manufacturers against their pound sterling the required amount of dollar exchange. The sterling received might then be used by the British Government to reduce its internal indebtedness. The American Government would have placed the amount of dollars required to the credit of the British Government at the Federal Reserve Bank of New York and would have secured the funds, according to the provisions of S. J. Res. 138, by an increase in the public debt. The net effect of this assumed example would be a decrease in the internal liabilities of the British Government offset by an increase in its external liabilities; an increase in the internal liability of the American Government offset by an increase in an external asset. In consequence of the transaction, cotton would be exported and the British manufacturer placed in a position to produce textiles which are in urgent demand.

To repay the loan, England would secure the necessary funds in sterling, either from taxes or from a domestic loan. The sterling would be used to buy dollars, which the United States could then use to reduce its internal debt. The dollars which England would require could, under conditions of multilateral trade, be purchased in any part of the world in which the foreign exchanges are free from control. For example, England could ship products to Brazil and there obtain dollars which the Brazilians have accrued against shipments of coffee to this country.

Thus the credit will have made possible a larger volume of international trade—American, British and Brazilian. It will be international trade conducted on a multilateral basis, and hence free of the strait-jacket effects of bilateral trade. Conducted on a multilateral basis, it will be trade which private enterprise, as opposed to state control and intervention, will activate.

The problem of British credits came to the fore at the time of the suspension of Lend-Lease. I was then in England and took occasion in a talk before the American Chamber of Commerce in London to urge that the United States grant England the financial assistance she required to effect the transition from a war to a peace economy.[2] In urging that such assistance be granted, I was in effect repeating a plea I had made a year earlier before The Executives' Club of Chicago.[3] At that time I said:

"England's postwar financial situation is complicated by two problems, the one associated with her balance of payments and the other with the wartime accumulation of blocked balances. We can assist in the solution of the first problem; England plans to solve the second by direct negotiation with the creditor nations.

"England's difficulties in connection with her balance of payments will persist until she has been able to reconvert her industries and to reestablish connections with foreign purchasers of her products. In the meantime, she will need foreign funds in order to import food and essential raw materials. Before the war Britain would have been able to pay for many of these essential imports by utilizing the return on her foreign investments, or, if need be, by selling part of them. But those foreign investments are now greatly reduced. Lend-Lease did not come into effect until Britain had already been serving as the bastion of democracy through a period of about a year and a half. During that time she spent a very large sum of money in this country, converting the resources of her citizens into dollars to support her armies and her people. If Lend-Lease had then been in effect, we would have provided many of the things she was forced to buy. Without attempting to estimate the benefits she would have thereby obtained, I propose that in lieu of a retroactive application of Lend-Lease, and as an essential element in world economic reconstruction, the United States provide England with a grant-in-aid sufficiently large to establish stability between the dollar and the pound. The sum needed may be a large one—but the problem is large and we must show courage in its solution."

The grant-in-aid which I then proposed be given England would in effect have been a gift, would have been extended to solve her transitional economic problems and would have been tantamount to a retroactive application of Lend-Lease. The quid-pro-quo on England's part would have been her willingness to relax exchange and trade controls and to follow the principles of multilateralism in international trade. England could have inaugurated such policies once her transitional problems were solved, and her readiness and willingness to do so would have been in our own interest.

An additional reason for the suggestion I advanced at Chicago was that I was and am convinced that England's particular problems must be solved before foreign exchange rates can generally be stabilized. I opposed the Bretton Woods program because I was convinced that the International Monetary Fund could not in itself bring about a genuine stabilization of the foreign exchanges. It could not and was not designed to solve the British problem. The British external financial problem is the key to the foreign exchange problem of the world and has to be solved before the foreign exchanges can generally be stabilized, and indeed before international trade can be resumed on a multilateral basis.

In lieu of the Bretton Woods program I proposed that the United States, the United Kingdom and other members of the British Commonwealth of Nations enter into immediate conversations on such problems as tariff barriers, imperial preference, export subsidies, bulk purchasing and regional currency arrangements. Once the success of such a conference was assured, we could then make the grant-in-aid.

In my Chicago address, a copy of which is available for the record, I did not intend to suggest that the British external financial problem was the only exchange and monetary problem which cried for solution. But I was and am convinced that it must be solved before other problems can be approached. The British problem is the key to the exchange and trade problem of the world and once it is solved the other problems naturally fall into place as the pieces of a mosaic.

My suggestions were in accord with Article IV of the Atlantic Charter, Article VII of the Master Lend-Lease Agreement and with the general purposes of the Bretton Woods program. The fundamental defect in the Bretton Woods plan was that it diverted attention from the basic problem in the field of international currency relationships. The Anglo-American Financial Agreement faces this problem and in doing so embodies the recommendations of those of us who espoused the so-called key-currency approach to the problem of currency stabilization.

As pointed out by previous witnesses, England's present problems have resulted from her great contribution to final victory. The mobilization of British manpower and industry, on a scale unsurpassed elsewhere, and her military operations over the entire world brought about a rapid change and deterioration in England's external financial position. At the beginning of the war the British people and the British Government held about 16 billion dollars of foreign investments, 2 billion dollars of gold and 600 million dollars in the form of dollar exchange.[4] Her annual income from overseas investments totaled about 800 million dollars, from shipping 400 million dollars and from commissions, insurance, etc., 140 million dollars.[5] It was these invisible items in her balance of payments (resulting from the functioning of the private enterprise system) that financed Britain's imports, since only about 55% of her imports were paid for by exports.

Before the passage of our Lend-Lease Act (March 11, 1941) England was forced to pay cash for imports of food, raw materials and munitions from the United States. In consequence, her holdings of marketable investments, gold and dollars declined at a rapid rate.[6] To acquire additional amounts of foreign exchange, England endeavored in this period to maintain her export trade, but this proved particularly difficult, owing to the bombing of the London docks, losses of merchant shipping and the dislocation of British life.

The enactment of Lend-Lease by the United States, together with the Mutual Aid supplied by Canada in large amounts, ensured England a steady flow of food, raw materials and munitions. Although she still required dollars in order to meet cash payments not covered by Lend-Lease, the amount needed was small compared to previous requirements, and after our entrance into the war it was more than covered by the dollar expenditures of the American armed forces in the British Empire.

Not receiving Lend-Lease or mutual aid from India, the Middle East and other parts of the sterling area, England was forced to pay in sterling for goods and services supplied, including military operations and installations. The funds received were used by the recipient nations first to reduce their indebtedness to England and then to build up their sterling claims to astronomical heights. These claims, known as "blocked balances," amount to about 14 billion dollars.[7] They are termed "blocked balances" because, while freely transferable within the sterling area, they are blocked against other currencies. These blocked balances resemble the war debts of World War I in that they did not create means for their own repayment.

Lend-Lease and Mutual Aid, plus the willingness of other nations to postpone the settlement of their claims, permitted England to reduce drastically her production for export and to devote her resources to war production in the fullest possible measure. About 1,500,000 men and women were transferred from the export trades to the armed forces or war industries, and the volume of exports was cut to about 30% of that of 1938. British factories furnished 70% of all the supplies used by the 8,750,000 men in the armed forces of the British Commonwealth of Nations and the Empire.[8] As British industry was producing under conditions of blackout, bombing and dispersal, this was indeed a remarkable achievement.

The developments which have been described leave England with a much reduced income from the invisible items on her balance of payments: income from investments, shipping, commissions and service charges. At the very time that her power to purchase imports has been reduced, her requirements have increased.

It will take time for England to regain and build up her export markets. The pattern of world trade has changed. Continental countries will buy less. More must be sold to the United States and South America. As indicated earlier, raw materials must be imported so that the fac-

1 "British White Paper—Anglo-American Agreement," *Federal Reserve Bulletin*, January, 1946, p. 22.

2 *The Objective of the International Chamber of Commerce*, an address before the American Chamber of Commerce in London, England, Aug. 20, 1945.

3 *Some Aspects of American Foreign Economic Policy*, an address before the Executives' Club of Chicago, Sept. 15, 1944, pp. 22-23.

4 Bloomfield, Arthur I. *The British Balance-of-Payments Problem.* International Finance Section, Princeton University, Autumn, 1945.

5 *Britain's Foreign Trade.* British Information Services, April, 1945.

6 Data of these developments are to be found in the British White Paper respecting the Anglo-American Financial Agreement.

7 British White Paper, *Federal Reserve Bulletin*, January, 1946, p. 25.

8 *Britain's Foreign Trade*, British Information Services, April, 1945, pp. 5 and 15.

tories of England may be able to make goods. The factories must be reconverted to production for peace. This will require a long period in a country whose production was so highly geared to war. During this transitional period, pending the time when her exports are large enough to pay for imports, England must have foreign credits. In addition to the ever-present need for food, she requires imports in the form of raw materials to replenish inventories, and in the form of machinery and equipment to expand and modernize her industries.

Since England's import requirements will to a very large extent need to be satisfied by imports from the United States, the problem of British credits is largely a dollar problem. It is this fact which makes it necessary for financial aid to be extended by the United States to England in sufficient volume to finance her transition from a war to a peace economy and to stabilize the pound in terms of the dollar.

England will not need to spend all of the proposed dollar credit in the United States. The financial agreement very wisely did not stipulate a "tied" loan, i. e., a loan tied to the products of a particular country. To have made it a tied loan would have intensified the forces of bilateralism and would have defeated the very purpose of the loan which is to make sterling arising from future current transactions freely convertible into any currency.

Even though some part of this credit will be spent by England in foreign nations, the dollars so spent will affect the foreign trade of the United States. The reason is that the other countries concerned will eventually use the dollars in the United States. Indeed the final expenditure of these dollars can take place only in the United States. It is because the dollar is free from foreign exchange control, is freely convertible into other currencies and is an international currency (a key-currency), together with the fact that many of the goods she requires can be obtained only in this country, that prompts England to seek a dollar credit.

Our decision in the matter of the British credit will be a most critical one. Since the collapse of Japan there has been a growing tendency throughout the world towards the formation of economic blocs, import control schemes and bilateral trade practices. Unless this tendency is checked now, there will be little hope of reestablishing international trade on a relatively free basis. The extension of financial aid to England, playing as she does a central role in world trade, is essential in checking the tendency towards bilateralism and in giving a firm basis to multilateral trade.

Multilateralism eliminates the distinction between the so-called "have" and "have not" nations. The reason is that multilateralism provides access on terms of equality to the world's resources. In consequence, multilateralism creates a situation which fosters the maintenance of peace. Bilateralism, accompanied by economic nationalism, tends to promote aggression on the part of governments—leading to demands for additional territory in order to expand the area of controlled trade. Bilateralism thus contributes to the growth of international ill-will and suspicion and creates a situation in which international trade becomes an instrument of state policy and is used for purposes of political penetration and aggrandizement.

As I suggested earlier, the extension of the proposed line of credit is fundamental to Britain's recovery and that in turn is an essential prerequisite for the removal of exchange and trade controls and the establishment of international trade on a multilateral basis, in which private enterprise can freely participate, as opposed to a bilateral basis in which only governments participate. It seems to me that the specific advantages of the line of credit, together with the other provisions of the Anglo-American financial agreement, may be summarized as follows:

1. The United Kingdom will be enabled to convert her economy to a peace basis, to enter a multilateral system of trading, to remove exchange controls on current account and to abolish the sterling-area dollar-pool arrangement.

The United Kingdom agrees to abolish immediately any exchange controls affecting United States products permitted to be imported into the United Kingdom or affecting sterling balances of United States nationals arising out of current transactions; to eliminate within one year the sterling-area dollar-pool arrangement; to eliminate within one year (with specified exceptions) all restrictions on payments and transfers for current transactions; to eliminate not later than Dec. 31, 1946, discrimination against the United States in any quantitative import restrictions; to make agreements with the countries concerned for an early settlement covering blocked sterling balances; and to join with the United States in a program for the elimination or modification of trade barriers, including Empire tariff preferences.

2. The line of credit obviously will increase the exports of the United States to the United Kingdom and to other members of the British Commonwealth of Nations. This result would, however, not in itself justify the credit. Any foreign loan would of necessity have this result. The credit will find its justification in the fact that, in stabilizing the dollar-pound rate (the two key currencies of the world) and in making possible the removal of exchange controls on current sterling transactions, it will serve to eliminate nationalistic and bilateral trading practices.

3. The line of credit will enable the United Kingdom to give support to the proposals for the expansion of world trade and employment developed by a technical staff within the United States Government and which were prepared for consideration by a forthcoming International Conference on Trade and Employment.

4. The line of credit, enabling the United Kingdom to enter a multilateral system of trading and to give support to the proposals to be submitted to the world trade conference, will create a situation in which private enterprise, at home and abroad, in the form of small and large business, can exist and flourish. Nations which enter a multilateral trading system will find that the elimination of foreign exchange and trade controls leads inevitably to the elimination of internal economic controls.

5. The line of credit will serve to strengthen economic ties between the United States and the British Commonwealth of Nations. Economic amity is a necessary basis for harmonious action among the English-speaking peoples, which in their democratic institutions, way of life and traditions have much in common.

6. The final settlement reached on Lend-Lease eliminates the problem of war debts arising from this war which served to plague and disrupt economic and political relationships after the first world war.

It should again be emphasized that the Anglo-American financial agreement is consonant with and implements Article VII of the Master Lend-Lease Agreement, signed by the United States, the United Kingdom and other members of the United Nations, which stated, that in the final determination of the benefits to be provided:

"the terms and conditions thereof shall be such as not to burden commerce between the two countries, but to promote mutually advantageous economic relations between them and the betterment of world-wide economic relations. To that end, they shall include provisions for agreed action by the United States of America and the United Kingdom, open to participation by all other countries of like mind, directed to the expansion, by appropriate international and domestic measures, of production, employment, and the exchange and consumption of goods, which are the material foundations of the liberty and welfare of all peoples; to the elimination of all forms of discriminatory treatment in international commerce, and to the reduction of tariffs and other trade barriers; and, in general, to the attainment of all the economic objectives set forth in the Joint Declaration (the Atlantic Charter) made on Aug. 12, 1941, by the President of the United States of America and the Prime Minister of the United Kingdom."

I know that many members of the Congress have doubts or reservations concerning the advisability of the proposed line of credit to the United Kingdom, particularly since the Bretton Woods program was approved and the lending powers of the Export-Import Bank increased. Consequently, I think it may be worthwhile to spend a few minutes discussing some of the more important questions which have been raised.

1. Will the proposed credit underwrite socialistic experiments in England?

It must be borne in mind that any British Government, right or left, would request this assistance. The assistance is not being asked and it will not be granted to underwrite socialistic experiments. It is being granted to enable the United Kingdom to meet transitional postwar deficits in its current balance of payments and to assume the obligations of multilateral trade. In enabling England to assume the obligations of multilateral trade, it will obviate the need for internal controls, will create a situation in which the forces of private enterprise can function, and will enhance the influence of those who wish internal controls to be removed.

2. Will the credit perpetuate existing maladjustments in the British economy?

The British are fully aware of the nature of the problem they face in the postwar period, are keenly alive to the need to improve the efficiency and productivity of their industry and will use the credit in a constructive fashion. Part will be used to finance the importation of food stuffs in order to maintain the present meager food rations, part will be used to finance the importation of raw materials, without which British industry could not manufacture for the export trade, and part will be used for the importation of industrial equipment.

3. Will the credit be used to build up foreign competition to American industry?

The credit will be used to effect the economic recovery of England and, in being so used, will provide American industry with a prosperous customer for its products. Trade is a two-way street. We cannot sell unless others can buy and their buying power depends, in turn, upon their ability to manufacture and to sell their products.

4. Will the British credit stimulate the forces of inflation in the United States?

The credit will exert a stimulating or inflationary influence on our economy only as it is spent here in the purchase of goods or services. In the overall situation, the inflationary effects, in whatever degree they exist, will probably be minor in character. Inflation in the United States results mainly from the great increase in bank deposits. These increased as commercial banks were drawn into deficit financing on a huge scale. The basic remedy for inflation is to refinance the debt so that a greater proportion will be held by non-commercial bank holders. Another important factor in avoiding inflation is to increase production for peacetime consumption as rapid as possible.

By promoting multilateral trade and affording a foreign market for American agricultural products, the British credit will relieve our Government of the need to subsidize agriculture. By promoting the maintenance of peace, expenditures for defense should become less overwhelming.

5. Will this credit stimulate a demand for similar credits on the part of other nations?

Those of us who championed the key-currency approach in the stabilization of the foreign exchanges and the revival of world trade always looked upon the loan to England as a special case. It was necessitated and justified by reason of the strategic position of England in world trade and finance. The extension of the British credit would in consequence not establish a precedent for similar credits to be extended to any other country.

6. Could England secure the funds she requires from the International Monetary Fund or from the International Bank for Reconstruction and Development?

Now that the International Monetary Fund is in the process of being organized, I trust that its resources will be used for very short-term purposes, principally for the financing of seasonal requirements. Its resources should not be used for the financing of long-term require-

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Factors Favoring Loan to Britain

(Continued from page 1375)

ments and hence should not be employed to finance Britain's needs.

The International Bank for Reconstruction and Development would not be in a position to grant England either the amount of funds she requires or terms she can meet. Furthermore, the International Bank save in special circumstances is intended to finance specific projects and not a general deficit in the current balance of payments.

7. Will England be able to repay the proposed credit?

It should be noted that the proposed credit differs from a war loan in that it is to be used in an economically productive fashion and thus will create the means for its own repayment. Though no one can foresee what will transpire in the 50 years from 1951 to 2001, England should be able to meet the payments called for, granted a high level of international trade and the abandonment of foreign exchange and trade restrictions.

Interest, of course, may be waived if the United Kingdom finds that such waiver is necessary in view of its international exchange position and the level of its gold and foreign exchange reserves and if the International Monetary Fund certifies that the income of the United Kingdom from exports, plus the net income from the invisible current transactions on its balance of payments, over the five preceding calendar years averaged less than the sum necessary to pay for the average annual volume of imports from 1936-1938. Waiver of interest is not to be allowed or requested unless releases on account of blocked sterling balances are reduced and unless interest payments on loans contracted in the British Commonwealth of Nations between Dec. 6, 1945, and Dec. 31, 1951, are similarly waived.

To me the proposed credit to England represents a justifiable investment in the future prosperity, peace and security of the world. It is an investment in the economic life and stability of a great trading nation. In view of the stakes involved it is a good venture because its results will redound to the economic self-interest of the people of the United States, collectively and individually.

Its great economic resources place a peculiar obligation upon the United States to play a role of constructive leadership in world economic affairs. We cannot be true to our responsibility and fail to use our resources and talents in trying to solve the economic problems of the transitional period, themselves a heritage of the war. Transitional short-run problems must be solved before long-run equilibrium can be established. The manner in which these short-run problems are handled will determine the course of world developments. The most urgent and important of the short-run problems is Britain's external financial position. Its solution lies in the proposed line of credit promoting multilateral trade in which private enterprise can participate and ridding the world of bilateral trading arrangements between nations and of the threat of economic warfare. Multilateral trade must be promoted if all peoples are to be given access on an equal basis to the raw materials of the world, if the resources of the world are to be used most effectively and the cause of international peace is to be furthered.

Conn. Inv. Bankers Elect New Officers

HARTFORD, CONN.—At the Annual Meeting of the Connecticut Investment Bankers Association recently held, the following new officers were elected for the year 1946:

President: George L. Austin, G. L. Austin & Company of Hartford.

Vice President: Andrew L. Tackus, Putnam & Company of Hartford.

Secretary-Treasurer: Everett B. Miller, Robert C. Buell & Company of Hartford.

New Governors to serve until 1950: Charles P. Cooley, Jr., Cooley & Company of Hartford, and V. Russell Leavitt, Paine, Weber, Jackson & Curtis of Hartford.

Associate Governors: B. Rush Field, Eastman, Dillon & Company of Hartford, and Myron H. Clark, Estabrook & Company of Hartford.

Ted Weiner & Co.

SAN FRANCISCO, CALIF.—Ted Weiner & Co., 41 Sutter Street, will engage in the securities business.

Investment Under a Socialist Government

(Continued from first page)

1929. Britain, in short, went through a typical *crise de confiance*.

The Post-Election Stock Recovery

There followed, immediately after the slump, a period not dissimilar from the period of phoney war which set in in Europe in September, 1939. Very quickly, stock prices rallied until they had almost if not quite regained their pre-election peaks. (The latter, it is important to remember, were broadly the same significant levels as those reached in the last bull markets of 1928-29 and 1936-37, so that superficially at least investors had little to lose through staying out of markets.) Very quickly, investors and their advisors whistled their courage back. The Socialist Government's bark would be worse than its bite; it would have so much on its hands with industrial conversion, housing, demobilization and restoration of the export trade that it would not have time to implement its nationalization program; it would make such a mess of things that it would be glad to enter another coalition within a year. And so on.

The only flaw in the optimists' case was the fact that the Socialist Party, wagged vigorously by its tail (of which appendage more later), is no believer in phoney war. It really means to nationalize all Britain's basic industries, in the process rendering all other industry dependent upon Government goodwill in securing service from these industries, and converting possibly one insured worker in every five into an industrial civil servant. It really means to do the job now. More than that, so far from finding its plate too full with its electoral nationalization program, it is gladly piling on uncovenanted helpings in the shape of civil aviation and Cable & Wireless, garnishing the dish with sallies into straight state trading in the building industries and with overlordship, financial and commercial, in most other trades. Withal, the Socialist Government is developing an aplomb and a sureness of touch which suggests that unless something really disastrous turns up, it is going to be in office for a long, long time.

There have been signs in the last month or two that the optimists of September and October in the British investment community are beginning to realize that they have, in fact, caught a Tartar. The "Financial Times" Industrial Ordinary share index on Oct. 23 surpassed its pre-election peak of 146.83, having in the meantime fallen to 132.83 during the election scare. But since then it has hiccoughed downwards, upwards and sideways, all within a very narrow trading range. There has been no heavy selling, merely a dull apathy. Significantly, however, the British investor has recently turned as escapist as a closed economy will allow. Not only have most British industrial shares been apathetic. South African gold mining issues, South African and other Empire industrial stocks, foreign government bonds and South American rails—all these have come into a demand which cannot be explained by purely intrinsic merits.

Subsequent Market Stabilization

Nevertheless, after that one wild week of selling which developed in August, the British investor had exhibited the *sang-froid* for which his race is alleged to be remarkable. Why—remembering that all the evidence goes to show that the Attlee administration really really means business—is this so? The reasons are many and varied.

First, whatever its other intentions may be, the Socialist Government stands deeply committed to a policy of cheap money; not a few of its supporters think any interest immoral and believe housing should be financed on interest-free loans. With interest rates steady or declining, there is a more or less automatic check to any fall in equities; if the institutional buyer can at best obtain somewhat under 2¾% on British Government stocks he is an avid buyer of blue chip industrials if he can buy them on a 4-4¼% yield basis. (At the peak of the market such shares were yielding only 3-3½%.) Whether Mr. Dalton, Chancellor of the Exchequer, can in fact still further reduce interest rates—more important, hold the reduction—remains to be seen. But so far his threats to do so have undoubtedly acted as a sheet-anchor to the whole London market.

Secondly, the great majority of British investors are today psychologically averse to remaining liquid for any length of time. Partly this aversion springs from the common, fallacious argument, "I can't afford to keep money idle," which leads them to risk a capital loss of, say 20% to secure a net annual income of 1½%. Partly, it arises from a mistrust of money as such. The Socialist Government is a great planner of everything but wages and working conditions. The British investor realizes, perhaps instinctively, that inflation almost invariably starts under a radical government. If Mr. Dalton *wants* to lower equity prices, he has merely to assure the British investing public that there will be no further reduction in the purchasing power of the pound.

The third reason for the phlegmatic attitude of the British investor is allied to the second. Over the last six or eight years, there has been an appreciable reduction in non-governmental investments available to the public. Since March, 1937, the value of Government stocks has risen from £6,767 millions to £12,168 millions. Over the same period, as the result of sales abroad, requisitionings and redemptions and virtually complete absence of non-governmental new issues, the total value of investments, apart from British Government stocks, has fallen from £12,708 millions to £10,130 millions, the intervening rise in values notwithstanding. Since 1939, currency in circulation has expanded from £459 millions to £1,309 millions and bank deposits from £2,248 millions to £4,850 millions. Non-governmental stocks in fact have acquired a considerable scarcity value which does nothing to encourage sales.

This brings us to Reason No. 4. So far from the end of the war causing any correction of this position, a Socialist peace will greatly accentuate it. Under the nationalization proposals as at present outlined, all colliery, gas and electricity, railway and road transport shares, Bank of England stock, and possibly all iron and steel shares, will disappear, to be replaced by British Government stock. Something like £2,000 millions of investments will be involved in the process. Willy nilly, the British are being forced to become a nation of *rentiers*. They do not like the transformation. They are averse to assisting it by individual sales, particularly since, so far, the evidence goes to show that the Government is willing to pay reasonable compensation when an industry is nationalized.

Reason No. 5 is the widespread belief that Britain faces a long period of high industrial activity. That premise, of course, is based on the rather glib assumption that British exports will reach a sufficiently high level, if the American loan is granted and when its proceeds are exhausted, to procure the imports necessary to sustain high activity in domestic industry. But provided that assumption is made, no one who knows the Britain of 1946 would doubt that there is sufficient work to be done to ensure full employment for years ahead. No holder of shares in a brick company who has walked through the blasted streets of London, Bristol or Coventry can be persuaded to sell his shares. With factories and their plant run down, with railway rolling stock in pitiful condition, with household equipment and furniture down to the bare minimum, and with wardrobes empty, equity shareholders find it hard to believe that some share of the benefits of the industrial activity which will be necessary to put Britain on her feet again will not come their way. And they are not unaware of the fact that a permanent degree of inflation of perhaps 50% as compared with the prewar price level has as yet found little reflection in equity share prices.

The final reason for the reluctance of the British investor to sell is paradoxical and ironical. The British Socialists' idea of an earthly paradise is one in which full employment and perpetual industrial near-boom convey no benefits to the investor in the shape of rising dividends and soaring share prices. Chancellor Dalton, in his first budget, read company directors a curtain lecture on the subject of dividends. Profits, he said, should be plowed back into the business. He would watch the trend of dividends carefully. There was a hint that if profits were not plowed back and if dividends did rise, some form of dividend limitation would have to be considered.

Yet when Mr. Dalton came to nationalize the Bank of England, the compensation terms were governed rigidly by the dividend which had been paid on the bank's equity for the last 22 years. All the profits which had been plowed back into the business were blithely ignored; stockholders received no consideration whatsoever for the bank's not inconsiderable hidden reserves. Faced with this horrible example of where plowing back of profits leads in the event of nationalization, it is not altogether surprising to find that company dividends have risen a good deal faster *since* the Socialist Government came into power than they did *before* that event. The movement, too, has gained inspiration from a feeling that if legal dividend limitation is enforced in Britain, the

standard allowed must take some cognizance of existing rates. To push those rates as high as possible before legal dividend limitation is instituted is a very human reaction. But it is an odd and ironical situation in which a Socialist Government whch is averse to rising dividends engineers just such a development by putting profligacy at a premium and conservatism at a discount.

Why Prices May Be Too High

Are these really sufficient reasons for maintaining broadly the same level of share prices seven months after the advent of a Socialist Administration? Has the election result really made no difference to the British investor's prospects? It cannot, of course, be denied that many of the reasons advanced are factors of considerable weight, which should at least rule out any question of a major slump in Stock Exchange prices. Nevertheless, the thoughtful investor suspects that British share prices are often better than they ought to be. To such an investor it just doesn't make sense to continue a yield basis which was established in the expectation that a Conservative Government would be returned to power when a Socialist Administration has been elected instead.

He argues that even under a Conservative Government the next 12 months would have been a testing time for markets. War-to-peace transition in Britain, although unaccompanied by the degree of labor unrest which has marked American conversion to date, has been a painfully slow process and the profits of many companies which have been fully engaged in war work are falling sharply. (The decline is likely to continue well into 1946, particularly as transitional losses, if they are to be charged against earlier EPT payments, must be brought into account before the end of that year.) In addition to this, it cannot be denied that profit-making has been singularly easy during the war years, with the Government the one buyer for war material and a seller's market for any other goods produced. A return to competitive conditions, however slow and gradual it may be, must surely bring unpleasant surprises for many concerns which have almost forgotten what a buyer's market and consumer preference mean.

These factors would, of course, have been in operation whatever the election result. In addition to them, the thoughtful investor suspects that the Socialist Government may have some unpleasant rods in pickle. Even granted a successful export drive to secure the necessary raw materials for British industry, there remain at least two possibilities which could upset all the British investors' pleasant expectations of the future. First, there is the possibility of a specific tax on company profits—a perpetual EPT as it were—or of dividend limitation. Secondly, there is the prospect that the Socialist Government will endeavor to upset the normal relationship between wages and profits by allowing the former to rise while prices and profit margins are rigidly controlled. Either of these steps would, of course, rob equities of their classic hedge qualities—and seriously upset the present structure of equity prices.

Whether the Government resorts to either or both remains to be seen. Mr. Dalton's last budget, it must be remembered, was an interim affair. He will not show his real hand until next April. But it may be even later than that before the trouble the thoughtful British investor foresees matures. Mr. Dalton, like many of his Cabinet colleagues, is at heart orthodox enough. So much was evident from his first budget, produced last October. This budget, except in one particular, might well have been prepared by Mr. Dalton's predecessor, the officially Independent, but at heart Conservative, Sir John Anderson. The exception was a bad-tempered and ill-timed quirk at the surtax payer, apparently introduced to remind the nation that however orthodox the budget as a whole appeared the rich now had a Socialist Chancellor to reckon with. In the same way, Mr. Dalton's approach to the American loan agreement and Bretton Woods was that of a Liberal rather than a Socialist; when I heard him talk on these matters the Socialist only came to the surface in some doctrinaire sneers at private enterprise.

Parliament's Attitude Unfavorable

But if Mr. Dalton and many of his Cabinet colleagues are in the main orthodox enough, the great majority of their backbench supporters are not. It has often been said that the character of the British Parliament changed radically last July, and this is abundantly true of the Socialist backbencher. I know quite a few of these new backbenchers and have worked with several of them. They include economists, journalists, industrial consultants, teachers and so on. They have no use whatever for private enterprise, the profit motive, individualism, speculation, or free competition. They are out to build a Socialist Britain, regardless of the cost and seemingly unaware of the basic differences between the British and other economies. It was the rank and file of the Socialist Party which forced the executive's hand at Blackpool in May, 1945, on the matter of the nationalization program in the election campaign. It was the backbenchers who forced the Government to change its plans for civil aviation from a mixture of public and private ownership to a wholly nationalized air service. The thoughtful and far-sighted investor is fully aware of this background. It is the expectation that sooner or later there will be a clash between the orthodoxy of the front bench and the heterodoxy of the back, with the latter of necessity gaining the day, which explains his caution in assessing the long-term investment prospects in Britain today.

* * *

American Purchases of British Securities

As a postscript to this article, I have been asked to say something about the recent American purchases of British securities. At the outset, it would be as well to admit that London is not particularly well informed about these purchases and is often considerably puzzled by them. They appear to have developed in three stages. First there was the heavy and highly specialized buying of Brazilian bonds to secure the right of partial repayment in cash under Plan B of the 1943 debt settlement plan. Then there were the purchases of those British securities in which a market exists in America; such securities were subsequently sold in America, albeit at a lower sterling price than that ruling in London. Both of these sets of purchases were regarded in London as means of realizing otherwise frozen sterling assets and as such were comprehensible (although the London market thought Americans paid too dearly for some of the shares they bought under the second arrangement).

It is the third phase of American buying which has puzzled London particularly. Here there appears to be no question of realizing blocked sterling. The purchases are "straight" purchases of British cinema, television, base metal and radio shares because presumably they are attractive to Americans as investments. The London Stock Exchange and British investors have welcomed the business and the rise in prices which it brought. But, frankly, they believe Americans are often paying stupid and anomalous prices for the shares they are buying. If the buying movement were to spread, there would doubtless be anxiety as to the effects on the control of British industry, and steps to deprive foreign-owned shares of voting rights could be expected. But for the time being the movement is regarded merely as a curiosity—and a profitable curiosity to the British economy at that.

Dillon Read & Co. Inc. Offers Col. Mills Stock

An issue of 125,000 shares of capital stock (par $7.50) was publicly offered March 13 by Dillon, Read & Co., Inc., at $30 per share. Of the offering, 75,000 shares are to be sold for the account of certain stockholders and the remaining 50,000 shares are to be sold for company account.

Proceeds accruing to the company, with proceeds from the sale of a $2,000,000 15-year 3% sinking fund note (sold privately to Mutual Life Insurance Co.) are to be applied to the prepayment of short-term loans incurred in acquiring assets of Hannah Pickett Mills, Inc., and in prepaying the short-term indebtedness of a subsidiary. Colonial Mills manufactures fabrics and synthetic filament yarns through two wholly owned subsidiaries in North Carolina. Upon issuing of the 15-year 3% note, capitalization will otherwise consist of 378,609 shares of $7.50 par value capital stock.

Johnson to Deal in Secs.

CLEVELAND, OHIO—Claude U. Johnson will engage in a securities business under the firm name of Johnson & Co. from offices in the Engineers Building. It was previously reported in the Chronicle of Jan. 31 that Mr. Johnson would act as an investment dealer.

To Deal in Securities

FRESNO, CALIF.—Oliver W. Pearson will engage in a securities business from offices at 2130 Tulare Street. He has been in the real estate business for many years. Associated with Mr. Pearson will be Lloyd A. Van Sickle.

Marc Parker Opens in N. Y.

Marc Parker is engaging in a securities business from offices at 214 East 74th Street, New York City. He was formerly connected with Lewisohn & Co.

Municipal News and Notes

Kaiser & Co. Expected to Underwrite $3,000,000 Coast Revenue Bond Issue

Tentative plans for the financing of the aerial tramway project of the recently created San Jacinto Winter Mountain Park Authority, Calif., are being formulated by Kaiser & Co., of San Francisco. The program is being handled under the direct supervision of Lee Kaiser, head of the investment banking and brokerage firm, and the amount of the projected bond issue is indicated at $3,000,000. Terms of the bonds, rates of interest and other details will be set by the authority at a later date.

Co-incident with the preparation of a detailed report on the undertaking, Kaiser & Co., have engaged the services of Coverdale & Colpitts, New York consulting engineers, to make a traffic survey. The latter firm performed similar services prior to the construction of the San Francisco-Oakland Bay Bridge.

The proposed tramway is said to be assured of maximum operating capacity and the authority's principal concern is to provide facilities capable of handling the expected traffic.

When completed the project will provide skiers with easy access to ski slopes with a snow supply of five months out of the year and will be within three hours' driving time for 4,000,000 people. In addition, the tramway may be expected to provide a valuable link for tourists and, despite the tremendous popularity of snow sports in the area of the San Jacinto Mountains, the prospect is that more passengers will use the facility in the summer than in the winter.

Operating on an aerial cableway the tramway will have three cars upward bound and three cars making the descent at the same time. Hourly passenger capacity is expected to be approximately 400.

The famous Franconia Notch Tramway which rises 4,000 feet into the New Hampshire Mountains, less than half as high as the proposed Mt. San Jacinto tramway, is the only project of its kind in this country, although in Switzerland and other European countries there are passenger cableways rising to 7,000 feet elevation and over.

Difficult construction problems of the project have attracted the attention and cooperation of many large corporations including the American Wire & Cable Co., subsidiary of United States Steel. Consolidated Steel, Roebling Wire & Steel Co., Interstate Equipment Co., Morrison-Knudsen Construction Co. and Modjeski and Masters, well-known structural engineers. Several of the concerns are making surveys of construction and operating costs to aid Kaiser & Co., in the preparation of its report.

Public Utility Securities

(Continued from page 1348)

the same as that used in our electric refrigerators—heat is taken from one source and transferred to another. As applied to house heating, heat could be taken from outdoor air (there is still heat outdoors even if the temperature is many degrees below zero) but probably a better source is stored water or running water. During the summer when heat is not wanted in the house the machine can be reversed and the heat pumped outdoors. With this device, which merely transfers heat (using electricity for power, not creating heat from electricity) there is a huge saving. Even where electricity is fairly high cost (perhaps 2¢ per KWH) it is said that with the heat pump it can begin to compete with coal and oil. When the method is fully developed and equipment available for small homes on an economical basis, the electric companies may have a huge new market for electricity.

D. J. Van Dyke Opens

ST. PETERSBURG, FLA.—D. J. Van Dyke has opened offices in the Rutland Building to engage in the investment business. In the past he was with Baynard Brothers Realty & Insurance Co.

Wineman, Weiss to Admit

Wineman, Weiss & Co., 40 Wall Street, New York City, members of the New York Stock Exchange will admit Ivan Salomon to limited partnership on March 21.

You and Your Nation's Debt

(Continued from page 1346)

billion of which $36 billion was to come from tax receipts, $14.2 billion from borrowing and the remainder was to be covered by a reduction of the Treasury's working cash balance. The relationship of the deficit to expenditures and receipts is shown in Chart I.

The Federal deficit and the Federal government expenditures are closely related to the growing public debt. Expenditures show how much the government has spent each year, while the deficit indicates how much the Government is going "in the red" each year. The large deficits resulted in a rapid increase in the public debt since 1941.

Volume and Distribution of Public Debt

The Federal debt rose during World War I from $1.2 billion in 1916, to $25.5 billion, June 30, 1919, from which point the debt was gradually reduced by $10 billion, or 36% by June 30, 1930. On June 30, 1945, the gross direct debt amounted to almost $259 billion which was more than 215 times the debt in 1916, 16 times the amounted in 1930 and more than 5 times what it had been at the end of June 1941.

The vast increase during the thirties was the result of large government expenditures for relief and recovery far in excess of receipts from taxes. Our rearmament program was started during the second half of 1940 and these expenditures lifted the deficit to more than 6 billion dollars for the fiscal year ending June 30, 1941. The huge outlays for our allies and our own activities in the war, account very largely for the enormous increase in debt.

One of the dangerous aspects of the general debt situation is the marked upward trend since 1940 in the aggregate amount of government obligations owned by the commercial banking system. This increase was striking for both commercial banks and Federal Reserve Banks. The holdings of commercial banks rose to $84.0 billion, or more than 405%, at the end of June 1945. During the same period the Federal Reserve holdings jumped from $2.5 to $21.8 billion.

At the end of June 1944, the commercial banking system held 41.4% of the total debt as compared to 38.8% on June 30, 1940. Even though percentage-wise the commercial banking system held about the same portion of the debt, there were some important shifts within the banks. The commercial banks held about 34% of the debt both in 1940 and in 1944. The percentage amount held by the Federal Reserve banks increased from 5 to 7% of the total debt while that held by mutual savings banks declined from 6 to 4% of the total debt. The remainder was distributed in 1944 as follows:

	Per Cent
Individuals	22
Corporations	13
Insurance companies	9
Federal agencies & trust funds	9
State and local governments	2

Relation of Public Debt to National Income

The enormous growth, expansion, and burden of the Federal debt becomes more significant when related to the national income. The gross national debt increased from $16 billion in 1930 to almost $259 billion in June 1945. The total national income rose from a low of $40.0 billion in 1932 to $71.5 billion in 1937 and reached $160.7 billion in 1944.

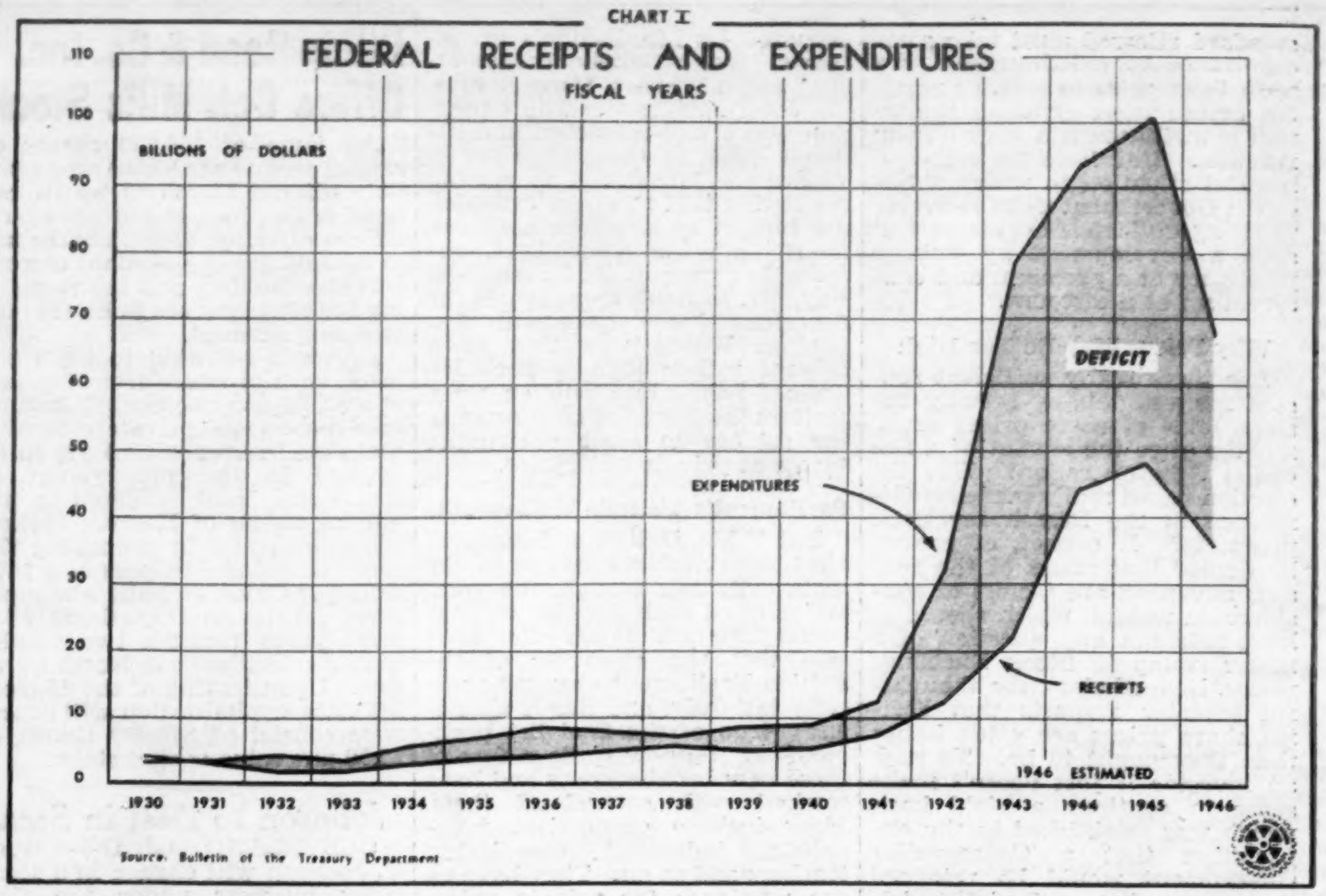
Since 1939 the national income has increased more than 125% as compared with an increase of almost 400% in the Federal debt. The interest charges for 1945 were increased to $3.6 billion. If we should ultimately have a total debt of $300 billion, the carrying charges, at an average interest rate of 2%, would amount to $6.0 billion, or an amount greater than the total Federal revenues for any fiscal year from 1930 to 1941. To meet the interest, to make provision for the gradual retirement of the Federal debt even at a low rate, and to provide funds for other Federal expenditures will require a high tax level which will be possible only if we maintain a high national income.

Interest charges on the public debt have been mounting year by year as the debt expanded. The interest charges amounted to .8 of 1% of the national income in 1928; 1.4% in 1939; and 1.7% in 1944. If the national income should drop to $125 billion, it would require 4.8% of this income to pay the interest charges on the Federal debt. A lower total national income would mean that a relatively larger percentage would be required to pay the interest on the Federal debt.

Bank Credit and the Public Debt

One of the most inflationary aspects of the present and past government financing program which this country has to face today is the huge amount of the growing debt whcih is being purchased by the commercial banks and the Federal Reserve banks.

These bonds have not all been sold directly to the banks but "a considerable part"[1] was obtained



by banks from non-banking investors or holders who were selling them through the market in large amounts especially during the bond drives. This tendency to shift bonds to the commercial banks has continued. These bank purchases have taken place despite the changes in the type of securities and efforts made to put them into the hands of non-banking investors.

During the period June 30, 1939, to June 30, 1945, the deposits of all banks, exclusive of interbank deposits, rose from about $56 billion to $139 billion, or more than 145%. Such deposits were used to meet government expenditures and soon passed into private accounts. This growth in the volume of commercial bank credit is all the more significant because of the method used. The increase of the public debt through this process exerts serious pressure on prices and is an inflationary threat.

The Expanding Public Debt Has Increased the Volume of Bank Credit

A larger and larger percentage as well as larger amounts in the aggregate of the loans and investments of banks consist of government obligations of varying maturities. On June 30, 1939, for example, government obligations made up 37.8% of all loans and investments or 66.2% of the investments considered apart from the loans. On June 30, 1945, government obligations amounted to more than 72% and 92% respectively.

War Savings Bonds Convertible Into Cash

The war savings bonds are an uncertain factor in the public debt situation, because these bonds may be redeemed in large amounts. Many holders have come to look upon war savings bonds as deposits with the Treasury which may be converted into cash at will.

The fact that these bonds can be cashed at will may be a very desirable feature from the point of view of the owner, but this feature may, at some future time, place a very heavy burden upon the Treasury should the holders act to redeem them in large amounts over a short period of time. The total amount of such bonds should no doubt be limited in some way to avoid these difficulties. These bonds tend to become a real part of the short-term debt and thus dangerously increase too much the short-term public debt. The floating debt is too large at best and this sector of the government securities does not improve the over-all situation.

Burden and Dangers of an Internal Debt

Many people believe that as long as the Federal debt is held by institutions and private individuals there will be no burden and no drain on our economic and financial resources. On the other hand, there is another large group who are seriously concerned over its inflationary factors and are wondering just what their investments and savings will be worth if the growth of the debt is not stopped and the principal reduced or paid off.

An influential group of economists, government officials and experts are inclined to pass over this matter rather lightly. According to their views there is no danger in a huge Federal debt provided the national income is sufficiently high.

Those who adhere to this type of thinking do not directly imply that we should inflate the national income by forcing more and more money into circulation, but stress the need for greater production in order to achieve what they call "full employment." Under such circumstances there will be little danger of inflation and no need to worry about the size of the public debt, they say.

"We Owe It to Ourselves"

Now, it is argued that a Federal debt held internally is not only unlike, but fundamentally different, from a debt held abroad. It is maintained that an internal Federal debt need not be a burden to the people though it may be larger in amount since such payments are merely a transfer of money from one person to another. What the bondholders receive in the form of interest on government obligations is balanced or offset by the taxes paid by the citizens to meet the interest charges on the Federal debt.

It is true, of course, that the interest that the Government must pay to the holders of the Federal debt comes from taxes and, as a consequence, it is also evident that what really happens is that one taxpayer pays a bondholder. But this merely means that the two sums of money are equal in amount. Individuals and other holders of government obligations do not hold government bonds in proportion to the taxes they pay.

No one can, of course, seriously question the desirability of having a high national income. But it is difficult to agree with those who claim that taxes are a burden only when the national income is small relative to the size of the Federal debt. Taxes are always burdensome, and it is always a matter of degree and not a question of burden or no burden. The taxes necessary to carry any Federal debt will prove to be a burden on some taxpayers even though others may not suffer any appreciable hardship through such tax payments. And about all that can safely be concluded is that the larger the national income the larger the indebtedness we can carry while the income remains high. If the obligations or indebtedness are larger relative to a high national income than they were to a smaller national income, then the burden will be greater and not less.

The slogan "we owe it to ourselves" has grown to be so popular that many people no longer stop to think about some of the problems and some of the true economic issues involved. To say that an internal Federal debt does not impose any hardship is misleading because it ignores an import effect on the holder of government obligations. To explain this, it is worthwhile to make use of an over-simplification. Suppose that the Federal Government's obligations are distributed among all taxpayers in proportion to the amount of tax that each one pays to the Federal Government. If we could realize such a perfect distribution of the internal Federal debt, the amount of interest received by each holder of government securities would, of course, be equal to or at least proportional to the share of his tax payments which are used to pay the interest charges on the Federal debt.

"Does this mean any economic privation?" The answer must be "yes" and yet, is it not true that the taxpayer would "break even" as far as his payments and receipts are concerned? The explanation is not difficult when it is realized that in our economic system everyone is entitled to some income on his savings or capital funds. In this case he would clearly not realize any net income.

Once a country builds up a large debt structure it must be prepared to carry this debt through the good years as well as the lean years. And we all know from experience that business conditions change from time to time and we do not always have years of prosperity. If the national income should decline, the community still has to meet the interest charges on the debt in addition to all the other expendi-

1. Federal Reserve Bulletin, August 1945, p. 721—26.

tures of the Federal Government. This problem would exist whether the debt is large or small.

II

Problem of Debt Management

A sound management program is dependent upon a sound and continuous debt policy. It is necessary for the Government to decide what new debt, if any, will be created, whether we shall use funds to create jobs and prosperity, whether we shall adopt the idea of a perpetual debt, or whether we shall retire the debt. These constitute a part of the debt policy and the problem of managing the debt must be modified to meet the policy. Assuming some early debt retirement, the questions arise: what should be done with maturities, retirement, refunding, etc., with the debt now outstanding?

Form and Ownership of the Public Debt

An important problem of managing the public debt is its ownership distribution. For this discussion, it is desirable to consider the debt as marketable public issues, non-marketable public issues and special issues. Of the total direct debt (June 30, 1945)[2] about $181.3 billion, or 70%, were marketable issues; $56.2 billion, or 22%, non-marketable bonds or Treasury certificates and $21.1 billion, or 8% special issues and non-interest bearing obligations.

The non-marketable issues[3] consist primarily of war savings bonds and tax certificates, about 22% of the gross debt. War savings bonds theoretically are purchased with individual savings and constitute an important element in the postwar debt management program. These bonds are convertible into cash by the holder practically on demand. If the redemptions to date can be taken as a criterion of the future, it would appear that many holders will convert them into cash. In that event, the banks, no doubt, will have to step in and buy other bonds to provide the funds to make possible these redemptions.

Since this class of government securities amounted to about $45.6 billion on June 30, 1945,[4] the situation could be especially troublesome if interest rates rose sharply or if a depression developed which would make it desirable for a large number of the holders to liquidate their holdings.

Maturities of Government Obligations

The maturities of the various government issues are important because they bear a close relation to interest rate paid, to the problem of refunding the public debt in future years, and to the needs and preferences of the various buyers.

A striking increase of the public debt both in the aggregate and relatively, has occurred in short-term maturities. The amount of the direct and fully guaranteed debt maturing within one year rose from $5.2 billion as of Dec. 31, 1941, to $60.6 billion on June 30, 1945, an increase of more than 1,000%. The classification of marketable government securities according to call dates is shown in Chart II.

The debt due within 5 years for the same period rose from about $23 billion in 1941 to more than $95 billion, or an increase of over 300% in 1945.

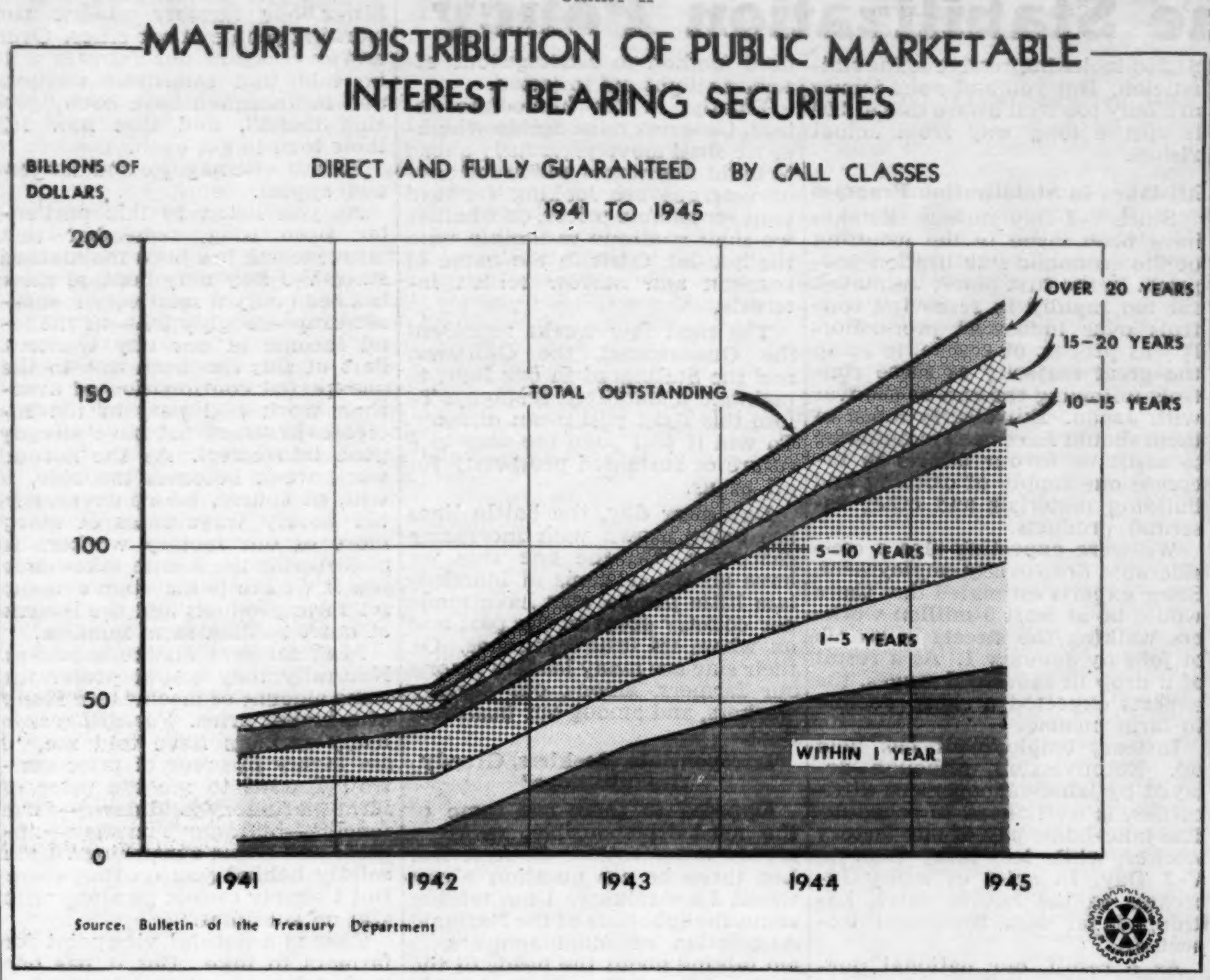
The low-rate interest policy of the United States Treasury has, no doubt, been a strong factor in determining the maturities of the obligations. A low-rate policy was not attractive to the individual investor. The banks on the other hand demonstrated a will-

2. Federal Reserve Bulletin, August 1945, p. 809.

3. The total non-marketable debt includes adjusted service and depository bonds.

4. Federal Reserve Bulletin, August, 1945; p. 809.

CHART II



ingness to buy large amounts of the bonds at the low rates, provided they were of short-term maturity. This gave the bank an opportunity, if need arise, to let its holding run off when the obligations matured.

Interest Rates and Cheap Money Policy

The government's low-interest rate policy, which it had pursued during the thirties, was made a basic part of the fiscal policy during the war. The rates have ranged from about ⅜ of 1% on 90-day Treasury bills to 2½% on long-term marketable bonds and 2.9% on War Savings bonds if held to maturity. The changes in the computed interest rate from 1939 to 1944 were summarized as follows:

"For the fifth consecutive year the computed average interest rate on the interest-bearing debt has been lowered. From 2.600% on June 30, 1939, the rate declined to 1.979% on June 30, 1943, and to 1.929%, the lowest it has ever been, on June 30, 1944. The computed annual interest charge on the debt, on which this average rate is based, increased from $2,679 million, at the end of the fiscal year 1943, to $3,849 million on June 30, 1944."[5]

The Treasury has emphasized the fact that the lower interest rate has resulted in substantial financial gains by holding down the cost of carrying this increasing debt. The argument, however, was used in the early thirties to show that the lower interest rate offset the increase in the principal of the outstanding debt. When the Treasury adopted the low interest policy and began to borrow, its control of the volume of money was weakened.

The Government was able to put this policy into effect because the Federal Reserve banks adopted a policy of low discount rates and more liberal open-market operations. The former was made effective by the banks by establishing a discount rate of ½ of 1% on advances secured by government obligations maturing or callable in one year or less which simplified the task of member banks in maintaining reserve balances at the central bank. The Government has announced its intention of maintaining its low

5. Annual Report of the Secretary of the Treasury, 1944, p. 71.

interest policy during the post-war period. The policy has not been conducive to large purchases by individual investors. This has meant a rapid expansion of bank credit and money which in turn put heavy pressure upon prices. Whether the rates can be maintained without serious risk to the economy is still an open question. The problem will become more difficult when the controls on prices and wages have been removed. A low interest or cheap money policy leads to an expansion of bank credit generally, both in the commercial banks and the central bank.

The interest rate should be left free to move or fluctuate according to the demand and supply of savings. It is necessary for the business world to rely upon the interest rate to regulate the demand and the supply of funds. The real danger comes in the continued expansion of bank credit and its tendency to bring about an inflationary situation.

The problem of arranging maturities and controlling interest rates in future market operations will be greatly complicated because the wartime pressures will not be present to urge individuals to buy bonds or other obligations bearing a low rate. It will doubtless become more and more necessary for the Government to compete with others who may want to use the investors' funds at a higher interest rate. If interest rates should later be raised to yield a higher return, the result will likely fall heavily upon the banks.

The greater the debt becomes the more important the ownership is, and the more desirable it is for the investor to hold the obligations to maturity. Too much of the debt would appear to be short-term. There is something to be said in favor of a higher return on long-term securities which would call forth funds needed to attain a better distribution. This policy, accompanied by a serious and determined effort to reduce the debt, would create a more sound and wholesome attitude toward the entire debt.

III

What Should Be the Public Debt Policy?

The Board of Directors of the National Association of Manufacturers has adopted the following recommendations for managing the Federal debt:

1. *The budget should be balanced as soon as possible and every effort should be made to accomplish this in the next fiscal year. Deficit financing is fiscally unsound and should be discontinued as a peacetime policy.*

The debt is at an all time high and still increasing. This huge Federal indebtedness contains such inflationary dangers that the first step in establishing a sound peacetime economy is at least to refrain from adding to the debt.

2. *After we achieve a balanced budget, we should begin to retire the Federal debt promptly.*

A major reduction in government expenditures is essential if we are to discontinue our 16-year practice of overspending government revenues. The public debt should not normally be increased during peacetime, but if a depression is temporarily contemplated, at sometime in the future, the increase should be contingent upon there being a definite plan for retiring such increase within a given period of time.

3. *Our re-financing and refunding program should be revamped along lines to place a much larger portion of the outstanding public debt in the hands of permanent or long-term investors.*

On this point we recommend the consideration of the following:

(a) Redesign the Series E savings bonds to encourage people to make greater investments in these securities, either by extending the maturity from ten to twenty years, and continuing the interest at 2.93% during the entire second 10-year period or any portion of it, or by providing for reinvestment in similar obligations without the existing penalty with respect to the interest return if held for less than the full 10-year period.

(b) Provide public marketable bonds of low denominations in bearer form.

(c) Offer a new marketable issue of long-term government bonds bearing interest at a rate higher than on present offerings, maturing in about 50 to 75 years, and ineligible for commercial bank purchase, in order to attract funds of investors who will not invest at existing coupon rates.

(d) Take every possible step to encourage public investment in government securities, through aggressive and skillful marketing practices.

4. *Interest rates on the Federal debt should not be arbitrarily lowered and held at a level which would discourage private investors outside the banking system from purchasing and holding a larger percentage of the debt.*

Artificially low interest rates lead to credit inflation.

5. *The management of the public debt in the future should be predicated upon the idea that banks should not be expected to absorb any larger portions of the debt and that it should be made possible for them to reduce their present holdings as soon as possible.*

Methods used in the past in financing the Treasury and managing the public debt have resulted in a rapid expansion of the amounts of the public debt held by the banks. Such expansion has been possible only by a sharp increase in bank deposits, which tend to be highly inflationary.

Airline Foods Corp. Secs. Offered Publicly

Securities of the Airline Foods Corp. aggregating $2,540,000 were offered March 12 by a group of underwriters headed by Herrick, Waddell & Co., Inc. Airline Foods Corp. is a new food combine, formed recently through the merger of seven established food processing and wholesaling concerns.

The securities consist of $1,000,000 5% sinking fund debentures, due 1961, which are offered at 98 and accrued int.; 100,000 shares of 5½% cumulative convertible preferred stock, offered at par ($10 per share), and 90,000 shares of common stock (par $1) offered at $6 per share.

Dumont Electric Corp. Com. Shares Offered

Offering of 51,000 shares of common stock (par 10 cent) of Dumont Electric Corp. was made March 11 by First Colony Corp. The shares priced to the public at $4.75 per share, are being sold for the account of a stockholder.

Dumont Electric Corp. was incorporated on Jan. 12, 1946 as successor to a corporation organized in 1928, known as Dumont Electric Co. Inc. The company is one of the leading manufacturers of capacitors, commonly known as condensers. It specializes in the miniature type for use in fluorescent lighting equipment, hearing aid devices, geophysical exploration devices, radio and electronic devices.

Chamberlain, Ericson, Hanson With Feromack

(Special to THE FINANCIAL CHRONICLE)

ST. PAUL, MINN. — L. Wyn Chamberlain, Dudley C. Ericson and Clarence M. Hanson have become associated with Feromack Securities Corporation, Guardian Building. Mr. Chamberlain was formerly Secretary of R. J. Steichen & Co. of Minneapolis.

John W. Bristol With Tweedy Browne Reilly

John W. Bristol, Lieutenant, A.U.S., has been released from active duty and is now associated with Tweedy, Browne & Reilly, 52 Wall Street, New York City. Prior to serving in the army, Mr. Bristol was a member of Bristol & Willett.

Edward Mathews in Boston

BOSTON, MASS. — Edward E. Mathews has formed Edward E. Mathews Co. with offices at 53 State Street to engage in the investment business.

Crisis in the Stabilization Policy

(Continued from page 1349)

lem of industrial strife and the tendency of many of our people to pit group against group for their own selfish interests. There is the grave danger of inflation, a danger which is greater today than at any period since Pearl Harbor.

But the outlook is not all grey. There is also a great deal to give us confidence in our future. During the war we have learned for the first time the real potentialities of American production on our farms and in our factories. Labor and management have learned what the farmers always knew—that only through unlimited production can great wealth be achieved. We have learned that no one group among us can profit at the expense of the other.

Finally, during the war period, I believe we have cut loose, once and for all, from the narrow isolationism of the past. Although we still have our American Nationalists, our Gerald Smiths, our Imperialists, the country as a whole has come to recognize that unless the world is at peace, with increasing prosperity everywhere, there can be neither peace nor sustained prosperity here at home.

Inflation Our Greatest Single Danger

Exactly what are the greatest hurdles that lie today between our people and this longed-for future of prosperity and plenty? By far the greatest single danger is, I believe, the danger of inflation.

There is no group in America which understands the consequences of inflation better than our farmers. It was our farmers who suffered most in the boom and collapse following World War I. And no group was harder hit than our farmers when the Wall Street stock market crash set off the depression of the early 30's.

What is the record on price control in this war period in comparison to the war of 25 years ago? What about production, profits and income? Can inflation really be controlled?

During the first World War we had only moderate controls over prices and rents. As a result while production increased only slightly—on our farms the increase was only 5%—prices and rents skyrocketed and eventually we were faced with a terrific collapse.

During this war prices and rents have been held more nearly in line—particularly during the last 3 years. During the war years, the cost of living has risen less than one-third as much as during the World War I inflation that reached its peak in 1920. Since spring of 1943, the increase has been held to less than 4%. And today industrial prices stand only about 4% above where they were in May 1943. To those lobbyists who say that full production under price control is impossible, let me emphasize that it was in this same period that the records of production in our factories and on our farms have reached their greatest heights.

We have produced more in the price control years than ever before in our history. More than that, each group has enjoyed greater prosperity. Our weekly earnings of factory workers have increased 86.2% since 1939. Business profits before taxes were nearly 5 times as large in 1945 as before the war, and bankruptcies fell to the all-time low of 810—fewer than in any single month of the booming 20's! Our farmers as a whole are also better off than in any period in our history. The actual increase since 1939 in net operating income per farm is slightly over 300%.

This, however, is a dangerously misleading figure because it fails to take account of the shockingly low incomes which our farmers had in the prewar years. An increase in incomes from $400 to $1,200 looks impressive to the statistician. But you and your family are only too well aware that $1,200 is still a long way from actual riches.

Mistakes in Stabilization Program

Since V-J Day various mistakes have been made in the handling of the economic stabilization program. In the first place, we moved far too rapidly in removing controls over industrial production. It was proper, of course, to scrap the great majority of these controls following the end of the war with Japan. But clearly more of them should have been maintained to assist us in our efforts to increase our supply of clothing and building materials and other essential products.

We were expecting also a considerable drop in city employment. Some experts estimated that there would be at least 5 million workers walking the streets in search of jobs by January 1. As a result of a drop in industrial wages, the experts expected a sharp decline in farm income.

Instead, employment has held up. Reconversion, although delayed by labor-management difficulties, is well ahead of schedule. The take-home pay of our factory worker, while less today than on V-J Day, in spite of many increases in the hourly rates, has dropped far less than was expected.

As a result, our national purchasing power has been maintained at a high level, and because the supply of goods is necessarily far below our actual needs, the pressure for higher prices and rents has been almost overpowering.

Two weeks ago a new economic stabilization program covering wages as well as prices and rents was developed to meet the new situation that confronted us. I was asked to leave my post at OPA to direct this overall program and to see that inflation is kept under tight control.

Clearly the task will not be an easy one. The next ninety days will determmine our success or failure. Between now and the first of June, one of the most fateful decisions in the peacetime history of our nation will be reached. In that brief period the forces of greed will finally overcome us and inflation will be a rapidly growing fact, or the strength of the people will be reasserted and the stabilization program will be strengthened and maintained.

Crisis an Immediate One

The crisis is an immediate one because it is between now and June that Congress must choose between a continuation of the price and rent control legislation beyond June 30 until June 30, 1947, or a disastrous inflation. Congress has the choice of eliminating this act completely and letting prices and rents go sky-high, or modifying and weakening the act so that it is useless as a means of protecting you against the inflationary pressures; or frankly and firmly granting us the necessary powers to continue to hold the line as we have held it since May 1943.

Between now and June, Congress must also determine whether we are to continue to use subsidies to maintain food prices at roughly their present levels, or whether these subsidies are to be eliminated with a resulting sharp and dangerous rise in the cost of living for tens of millions of our people.

Between now and June, Congress must decide whether the Office of Price Administration, the Office of Civilian Production, and the Wage Stabilization Board are to receive sufficient funds to carry out their enormous responsibilities, or whether reduced appropriations are to be used as a cellar door method to sabotage our efforts to fight off inflation.

Finally, in the immediate future, Congress must decide whether we shall move vigorously ahead to build the homes which millions of veterans are looking forward to at reasonable prices, or whether we shall continue to fumble with the housing crisis in the name of reaction and narrow selfish interests.

The next few weeks represent the Guadalcanal, the Okinawa, and the Stalingrad in our fight to maintain a stabilized economy. To lose this fight will mean disaster. To win it will pave the way to a future of sustained prosperity for all of us.

Day after day, the battle lines are being drawn with increasing sharpness. On the one side we have all the millions of inarticulate little people who have made our country great in the past and on whom its future depends. On their side are many leaders among our farmers, among our factory workers, and among our businessmen.

"Irresponsible, Reckless, Greedy Organizations"

Opposed to them are some of the most irresponsible, reckless, greedy organizations in America. Let there be no question about whom I am talking. I am talking about the lobbyists of the National Association of Manufacturers. I am talking about the heads of the National Retail Dry Goods Association with all the phony propaganda with which they seek to cash in on the apparel shortage. I am talking about some of the real estate lobbies and your old friend the packers' lobby and the textile lobby. I am talking about the dairy lobby.

I am talking about those lobbyists who haunt the Washington hotels and the halls of Congress and the Governmental agencies, endlessly scheming and plotting to trade the interests of the great majority of our people for the narrow short range profit of the groups which they represent. And finally, I am talking about those speculators in the commodity markets and those speculators in Wall Street who time and again have played the American public for suckers in their promise of speculative profits from stocks and securities, and who today are again irresponsibly whooping it up for inflation.

These people do not represent business. They do not represent the majority of our manufacturers, or our retailers, or our landlords, or textile operators, or dairymen, or our investors. They represent only themselves. But let's not under-estimate their skill, their perseverence or their reserves. They are out to eliminate or wreck the only controls which stand between our people and inflation. We are on the eve of a crisis which cannot be exaggerated. Between now and early June, we shall determine whether we are to have stable prices and stable rents; whether our savings and insurance policies are to be protected; whether our bonds are to be worth the money which we paid for them; or whether we are to start down the primrose path towards another inflation which will surely bring disaster to our economy and sweep away the life savings of tens of millions of our people.

Lobbys Endanger Our Democracy

During the coming months we shall also go a long way toward deciding the strength of our American democracy, for if the lobbyists and pressure groups can win this fight against the people, then our democracy indeed will have suffered a dangerous defeat.

A great deal depends in the next few weeks on our farmers. Every effort has been made and every effort will be made to embitter our farmers against the working people of our cities. Over and over again our farmers will be told that industrial workers and businessmen have been "getting theirs", and that now it's their turn to get even.

This is a demagogic and dangerous appeal.

As you listen to this particular siren song, remember that farm income has been maintained since V-J Day only because there has been only a relatively moderate drop—roughly 5%—in the total income of our city workers. Part of this has been due to the unexpected continuation of overtime work and part to the increases in wages that have already gone into effect. As the normal work week becomes the rule, it will, of course, take increases in the hourly wage rates of many more of our factory workers to make up for the loss in take-home pay if we are to maintain demand for farm products and the income of our 6 million farm families.

Most farmers dislike subsidies. Naturally they would prefer the same amount of income as a result of a higher price. For this reason many farmers have told me, "I am highly in favor of price control. I want to see the price of farm machinery held down—farm fencing—building materials—apparel and house furnishings. I am solidly behind you on that score. But I simply cannot go along with you on subsidies."

That is a natural viewpoint for farmers to take. But it has one basic fallacy, and that is the fact that without subsidies on food, the stabilization of our economy is completely impossible. If subsidies were to be removed on July 1, when our present authorization runs out food prices would promptly move upward 8%.

Milk would increase at retail 2c a quart; meat from 3 to 5c a pound; cheese by 14c a pound; butter by 12c; bread by 1c. Most canned fruits and vegetables by 1c a can. This would be a severe blow to millions of families living in the cities on narrow incomes. It would bring about widespread demands for wage increases and very probably the collapse of our wage stabilization program. And let's not forget that would not add a single penny to the income of our farmers.

On the contrary, as wages moved higher, manufacturing costs would again move upward, and so would the prices of things you buy in the store. The increase in the cost of the products and services you buy would leave our farmers considerably worse off than they are today. This would lead to further demands all around and an increasing inflationary spiral which could have only one final disastrous result.

Let there be no mistake about it. Whether we like it or not, subsidies and effective price controls are indivisible. Without one we cannot have the other. That is why I say that the attitude of our farmers will decide the success or failure of our efforts to control inflation. If our farmers will close their ears to the propaganda of some of their own leaders and to the voice of the National Manufacturers Association and other groups which have subtly tried to drive a wedge between them and the other working groups; if our farmers will lend us their support and backing along with all the tens of millions of people in our cities, then there can be only one result between now and June, and that is a resounding people's victory over the forces of inflation.

Clearly, this victory over inflation is essential if we are to achieve the kind of future toward which every thinking person is hoping and praying. Iit is essential if we are to maintain the high purchasing power on which the prosperity of all of us depends. Throughout the war and particularly since V-J Day our farmers have learned the extent to which their own incomes are dependent on the purchasing power of our city people. The most effective overall program for farm prosperity is a program that brings prosperity to all of our people and keeps all our millions of workers employed at good wages.

Must Help the Farmers

In the period which lies ahead, however, we must take additional steps designed specifically to help the 6 million families who live on our farms. We must continue to push vigorously ahead with our program of rural electrification. We must move ahead in the field of crop insurance so that the farmers may have the same protection that businessmen and industrial workers have long enjoyed against mishaps beyond their control. We must develop long-range programs on all basic feeds to give us stability of supply and price. We must develop a program for the South which will raise the income of Southern farmers as well as Southern workers, a program which will take specific notice of the problem of cotton, the need for diversification of farming, and increased farm mechanization. We must move ahead vigorously in providing grants for rural schools, roads, housing, and health projects.

There will be opposition to many of the programs which are developed in the long-range interest of the farmer. But the farmer's fight for a more prosperous future is a fight which belongs to all of our people. The 25,000,000 men, women and children on our American farms represent our greatest undeveloped market. Intelligent businessmen and city workers realize this. They know that until our farmers receive their just share of our national income that there can be no broad sustained prosperity for the rest of us.

Together—businessmen, farmers and workers—we can and must move ahead to greater and greater heights of achievement. Working together as we worked together to win this greatest of all wars, we cannot fail.

Today the whole world is looking towards America. What we do or fail to do in providing additional food for Europe, India, China and other areas faced with malnutrition and starvation will mean life or death to tens of millions of people in the immediate future. What we do or fail to do here at home in our fight against inflation, in our efforts to develop a sustained full production, full employment economy will have repercussions for good or for evil in every corner of the globe for generations to come.

Will we move ahead under a vigorous democracy to greater and greater heights of production? Will we move ahead to higher incomes for all of us, towards the elimination of slums, disease, ignorance and ill health? Or shall we embark on an inflationary joy ride to disaster, with the spectacle of some strange new American fascism arising out of the bitterness and the disillusionment which will surely result? What will our American answer be to this gravest of all questions which ever faced our nation during peacetime?

Will it be the answer of the NAM, which has fought on the wrong side of every public question for the last 30 years? Will it be the answer of the pressure groups, the answer of organized greed?

Or will it be the voice of the everyday people of America, clear, strong, determined, confident—with their heads held high and their eyes firmly fixed upon a future that for generations to come means the difference between hope and despair—not only for 140,000,000 Americans but for all the people everywhere throughout the world?

Outlook for Private Foreign Investments

(Continued from page 1352)

Obviously, all of these questions cannot be adequately covered in detail in this discussion. I want to refer, briefly and superficially, to some of these problems as background for a more detailed discussion of the collaboration of Government and private business in international industrial development.

Currently, our own export trade is "under wraps." With the accumulated purchasing power (savings) of our people, we can at the moment, consume all we make here at home. Sometime within the next 18 months to three years, the accumulated buying here at home will have run its course. In this period the more urgent demands from foreign markets will be satised, at least to the extent that dollar exchange is available for purchases. In two years, more or less, we will be looking for larger markets abroad for the products of our factories, mines and farms. What will be the capacity of foreign markets to absorb imports, both from our own and other countries?

Credits and Foreign Trade

Foreign demand for United States goods is enormous. It has been estimated that to supply only basic needs from abroad would require lifting our exports to above $10 billion during the next year. Such a level of exports obviously cannot be either supplied in domestic industry at the present time, nor could foreign countries pay for such a large volume of imports. It is quite evident, therefore, that a large amount of both short and long term financing will be necessary if essential needs of foreign countries are to be met by United States industry. In recognition of the need for foreign financing and investment the Government has proposed to extend dollar credits up to about the $10 billion level. As you all know, this includes the present lending facilities of the Export-Import Bank for which a further increase is contemplated, the proposed British credit of 4.4 billions and the credit that will be extended through the International Bank and the International Monetary Funds. Even with the extension of Government financing with both short and long term dollar credits, there will still be a large amount of both short and long term financing that must be met by private foreign investment. This brings up the question of both the ability and willingness of private business to extend a credit of this magnitude in support of our foreign trade and to assist in the rehabilitation of international industry and commerce. There is hardly any question that we have the private capital resources to meet the requirements for foreign trade financing and long term investment. There are large capital resources in this country looking for profitable employment. It is only necessary to observe the developments in our stock market, real estate and other areas where speculation is evident. Recent issues of securities by new enterprises sponsored by leading industrialists, have been over-subscribed many times on the initial offering. There appear to be adequate financial resources in the hands of business to finance reconversion and long term capital outlays in manufacturing and distribution without drawing very heavily upon public subscription. The problem then seems to be one of attracting capital resources to long term foreign investments, to provide financing of capital expenditures, as well as perhaps some amount of equity financing for industrial commercial projects abroad.

Foreign Investments Not Generally Unfavorable

It seems to be the general impression that all of our previous experience in foreign investment has represented a loss to us and no particular gain to the recipient countries. While there are a number of black spots in our foreign loan record, American private investments abroad have been generally advantageous to both lenders and borrowers. It is quite true that the experience record is rather spotty with good results in one case and almost complete failure in another. Over the long term, however, American investors were able to realize more on their investments than they had put in. From the period 1919 to 1940 interest payments from these investments amounted to about 90% of the net capital investments abroad. It is obvious, however, that if private investment is to carry its share of financing of our foreign trade, such investments should be made only with full information of the nature of the projects and the purposes to which such investments are to be put. Furthermore, our past unsatisfactory experiences could have been eliminated if investments had been directed to purposes which after careful study were deemed to be sound business ventures and made a real contribution to employment and output in the recipient countries.

Foreign Investment Not Detrimental to Exports

There still prevails the die-hard notion that financing the sale of capital goods abroad and the direct participation of American concerns in productive enterprise in foreign countries creates competition to American goods in world markets and is therefore detrimental to export trade. In some cases, it is alleged that assistance of this sort to foreign countries will eventually create competition in this market through imports. While these theories have been discredited, yet the proponents continue to raise them in opposition to both public and private American investment abroad. It is argued, for example, that our credit to England will enable the British to rehabilitate existing industries, build new ones and compete with our goods in Empire and other markets. Proponents of this idea have completely overlooked the fact that Great Britain is one of our principal customers and if the purpose of the loan is to make a more prosperous Britain, then we have a more prosperous customer. Probably the best example of all is neighboring Canada whose industry has been built up largely by American private investment. Certainly, no one can contend that the development of Canadian industry which has provided Canada with a high per capita buying power has been injurious to American trade with Canada. Certainly nothing more needs to be said to this audience about the importance of highly industrialized countries as markets for our exports and sources of supply for our imports.

Foreign Trade and Employment

Every country in the world today is vitally concerned, as we are here, with the problem of providing employment for its people. Countries that have largely built their economics upon exports of raw materials realize that without additional employment in factories and in internal commerce employment for all their people cannot be achieved and standards of living cannot be raised. We find that practically every country is considering the development of programs to rehabilitate and modernize existing industries and to establish new ones or full utilization of resources and manpower to meet the essential needs of the country. In some countries where sufficient private resources are not available, the governments are undertaking to finance new industries either in whole or in partnership with local businesses. In other countries, private development is favored with various forms of governmental assistance where necessary. For some areas there is a fear of expropriation of foreign investment, although I think that this fear is no longer a real one if private foreign investors make every effort to conform with regulations and procedures laid down by foreign countries.

New Opportunities for Foreign Investment

As rehabilitation of the devastated area proceeds, modernization and increasing the capacity of existing industry is undertaken, and industrialization of backward areas gets under way, there will be extensive opportunities for sound long term investment of our private capital resources in productive enterprises abroad. Many industrial projects, such as public utilities, irrigation, transportation, etc., will be undertaken and financed by national and local governments. Direct private investment in such projects may be limited except where large banks or large industrial concerns may participate and as circumstances permit, securities may be issued for public consumption. The latter would require, for some countries, the repeal of existing laws with respect to floating of foreign loans of this kind in this country. It is quite possible that the International Bank will issue securities for public investment. If so, private capital will have an opportunity for profitable investment in large projects financed by the Bank. In addition to these large projects of a public character involving large sums, there will be opportunities for constructive long term private investment in a great many foreign private enterprises. In this field there is a wide variety of needs for and methods of providing financing. U. S. private investment in productive enterprises has, of course, been a very common thing in the past, and, in my opinion, has been on the increase in recent months. Our recent experience in the Department indicates that many businesses heretofore unwilling to consider investments abroad, are now discussing proposals and entering into negotiations with foreign firms and groups of potential foreign investors.

Government Should Assist Private Investment

With the need and opportunities for the investment by private capital of several billions of dollars in foreign enterprise, what help and cooperation may businessmen expect from the Government? I think that not only is the Government obligated to assist and counsel business on foreign investment, but it has the facilities to perform a valuable service to prospective investors. If past mistakes are to be avoided, it is essential that our foreign investments be beneficial to both lender and borrower, and that the loans are made for productive purposes with sound economic justification for the economy of the recipient country, and the terms are fair and reasonable. It is essential that full information be available upon which the investor can base his decision.

The Department of Commerce can furnish prospective investors with a wide range of factual data on economic conditions in foreign areas; information on specific industries and commodities, such as production, imports, exports, competition in the market between local production and imports, sources and supply of raw materials; laws and regulations regarding the investment of foreign capital and employment in and management of joint foreign and locally owned enterprises, and other information which is essential to a careful study of the enterprise.

Have Advisory Information

I might add that we have in mind the formation of an advisory group of businessmen to guide us in developing the scope and character of information that should be available for this purpose.

On particular problems advice and information can be secured from the Departments of State and Treasury and from the Export-Import Bank, all of which, of course, are concerned with different phases of foreign lending and investment.

There is an increasing number of inquiries reaching us from foreign businessmen who wish to negotiate various kinds of business relationships with U. S. firms. So far as possible, we are going to publish these inquiries as a special section of the foreign trade opportunities listed in "Foreign Commerce Weekly." In the past, very little attention has been given to facilitating contact between businessmen in this country and those abroad who are interested in industrial development, especially for small and medium sized enterprises. We are giving this matter considerable study and we solicit your suggestions as to how this might be done effectively.

It has been charged that our Government has never had a policy on foreign lending and investment. It is abundantly clear that we now have a policy and a program on lending and financing with public funds. The Government has assumed its responsibilities for economic cooperation with other countries and the promotion of world trade through adherence to the Bretton Woods proposal, the Export-Import Bank, the British loan proposal and an undertaking to fully implement the Trade Agreement Act. Business must do its part in private foreign lending and investment if we are to achieve full production and employment and by so doing benefit ourselves as well as the rest of the world.

Various agencies of the Government are continuously studying the problems of foreign lending and investment. Attention is focused on what both business and Government can and should do to, and the benefit to be derived from assisting in the development of efficient and sound industrialization throughout the world. This is not intrusion into other peoples' business. Where we can help, we should for our own benefit. We in the Department of Commerce, and I am sure those in other agencies, are ready and willing to offer all facilities at our command to assist businessmen with their problems in foreign investment and to help them do their part in the development of industrialization abroad.

British Defaulted Foreign Bond Holdings

(Continued from page 1352)

and 1930 when these two loans were issued a Labor Government was in office. Up to the time of writing there have been no indications whether Mr. Dalton is prepared to admit the special position of these two loans, but it is difficult to see how the Treasury could escape altogether its responsibility for safeguarding to some extent the interests of their British holders.

Nor can the Treasury wash its hands altogether of the fate of British holders of Japanese loans. For the 6% loan of 1924 and the 5½% Conversion Loan of 1930 were issued under a Labor Government, at a time when an unofficial embargo on foreign issues was in force. Although in theory anybody was free to borrow in London, in practice it was necessary to obtain the approval of the authorities, in order to avoid excessive lending abroad.

Although the Chancellor of the Exchequer emphasized that his attitude towards Japanese loans did not indicate his general attitude towards foreign loans, ever since his statement the foreign bond market has been depressed. There is a widespread feeling that British bondholders cannot expect the same degree of official support, in case of the default of their foreign debtors, as they did in the past. This opinion may be entirely mistaken. For Mr. Dalton doubtless realizes that Britain could ill afford to renounce any part of the yield of her depleted stock of foreign investments. But up to now he did not say anything calculated to reassure the bondholders. And his general attitude towards them certainly tends to encourage bad debtors to default, in the hope that the British Government would not press the claim too hard.

In any case, the means at the Chancellor's disposal to force bad debtors to pay are none too adequate. Before the war, Britain's foreign debtors were induced to pay by the hope of being able to borrow more in London. On many occasions, foreign finance ministers seeking a new loan first had to settle their differences with the Council of Foreign Bondholders. In existing circumstances, however, London is hardly in a position to lend on any noteworthy scale, and the inducement for foreign debtors to be honest has declined.

On the other hand, many of Britain's traditional debtors have now become her creditors. There are still large British holdings of Argentine bonds and other Argentine securities, but at the same time Argentina holds a large amount of blocked sterling balance. The same is the position of other countries. To this extent, the bondholders' chances to receive payment have improved.

In one instance there appear to be faint prospects for the settlement of a long-forgotten debt, through the payment of a small fraction of its nominal amount. Negotiations are in progress for the employment of the pre-1917 Russian deposits in London for the satisfaction of pre-1917 British claims against Russia. The creditors are not likely to receive more than 2 or 2½% of their claims, but since the whole of it has long been written off as a bad debt even such a modest payment is a windfall. However, it will not bring any foreign exchange.

With the liberation of Malava and the Dutch East Indies, British investors having money in rubber, tin, and other enterprises there have now gained access to their property. In most instances, however, considerable capital expenditure will be needed to restore the productivity of the companies. And their current output is sold at an artificially low price, in order to obviate American criticism for charging too high prices. But it is well to recall that between the two wars some Americans have criticized the British, not for having maintained rubber prices at too high a level, but for having allowed them to decline too low, thereby preventing a profitable development of synthetic rubber production in the United States. It is by no means certain that similar criticisms will not be made now.

Twin Christening of World Fund and Bank

(Continued from page 1343)

No Favor to Any Interest

The first fairy should bring, I suggest, a Joseph's coat, a many-colored raiment to be worn by these children as a perpetual reminder that they belong to the whole world and their their sole allegiance is to the general good, without fear or favor to any particular interest. Pious words exceedingly difficult to fulfil. There is scarcely any enduringly successful experience yet of an international body which has fulfilled the hopes of its progenitors. Either an institution has become diverted to be the instrument of a limited group, or it has been a puppet of sawdust through which the breath of life does not blow. Every incident and adjunct of our new-born institutions must be best calculated to emphasis and maintain their truly international character and purpose.

The second fairy, being up-to-date, will bring perhaps a box of mixed vitamins, A, B, C, D and all the rest of the alphabet. The children may faithfully wear their many-colored raiment, yet themselves show pale, delicate faces. Energy and a fearless spirit, which does not shelve and avoid difficult issues, but welcomes them and is determined to solve them, is what we must demand from our nurslings.

The third fairy perhaps, much older and not nearly so up-to-date, may, like the Pope with his Cardinals, close the lips of the children with her hand and then open them again, invoking a spirit of wisdom, patience and grave discretion, so that, as they grow up, they will be the respected and safe recipient of confidences, of troubles and of perplexities, a reliable and prudent support to those who need them in all times of difficulty. For if these institutions are to win the full confidence of the suspicious world, it must not only be, but appear, that their approach to every problem is absolutely objective and oecumenical, without prejudice or favor.

I am asking and hoping, you will see, a great deal.

I hope that Mr. Kelchner has not made any mistake and that there is no malicious fairy, no Carabosse, whom he has overlooked and forgotten to ask to the party. For if so the curses which thta bad fairy will pronounce will, I feel sure, run as follows: "You two brats shall grow up politicians; your every thought and act shall have an *arriere-pensee;* everything you determine shall not be for its own sake or on its own merits but because of something else."

If this should happen, then the best that could befall—and that is how it might turn out—would be for the children to fall into an eternal slumber, never to waken or be heard of again in the courts and markets of mankind.

Well, ladies and gentlemen, fairies or no fairies, this looks like being a very pleasant party and a happy chistening and let the omens be good.

Johnson Angle Dead

Johnson B. Angle, Chairman of the board of Morris F. Fox & Co., 753 Water Street, Milwaukee, Wis., died at the age of 59. Mr. Angle came to Milwaukee in 1918 as secretary of the Second Ward Securities Company and in 1920 became secretary of the Malleable Iron Range Company. He was president of the Quarles Investment Company in 1928 and 1929. He also was president and managing director of the Wisconsin Shares Corporation of 1929 to 1940. Since 1940 Mr. Angle was Chairman of the board of Morris F. Fox & Co. and director and co-managing director of Amortized Mortgages, Inc.

Savannah Meeting of International Fund and Bank Gets Under Way

(Continued from first page)

The special train from Washington entered Savannah through some of the city's poorer outskirts, as trains have a way of doing. . . . This may have served to remind the foreign visitors that not every one in the United States is a millionaire. . . . For the most part, however, the delegates have been seeing and sampling the more affluent parts of the neighborhood. . . . The cuisine at the Oglethorpe is fine and ample—although, where the Press is staying, breakfast cereal is served without sugar because of the shortage created by the Conference. . . .

It should not be assumed that Savannah is just an old, drowsy Southern city never before interested in the outside world. . . . Savannah is a seaport, and ocean-going vessels come right up the river to load with cotton and naval stores. . . . Exporting is an old business here. . . . The city, the oldest European settlement in Georgia, was established more than two centuries ago. . . . Oddly enough, in the light of the present Conference, Savannah was founded by General James Edward Oglethorpe, an English nobleman, as a sanctuary for debtors. . . . The settlement followed by a considerable lag the visit to this neighborhood of Ponce de Leon and De Soto in quest of gold. . . . Today again one hears of debtors and of gold. . . .

It is not often, of course, that a city like this is able to play host to so distinguished a gathering. . . . The Savannah Chamber of Commerce did itself proud in offering a large and lavish dinner at the De Soto Hotel in town. . . . Most of the Conference delegates came in from the Hotel Oglethorpe, nine miles away, for the occasion, and local society was excited and enchanted. . . . "Can't you just hear them in Atlanta?" a proud dowager remarked to her husband, as Lord and Lady Keynes walked by, followed by the three inseparable Russians.

* * *

At the Chamber dinner Secretary of the Treasury Vinson for the second time that day demonstrated his skill as speechmaker. . . . Correspondents, who are accustomed to hearing public officials fumble through speeches prepared for them by someone else, observed that the Judge reads his addresses as if he had written them himself. . . . The Kentucky orator impresses people with his earnest sincerity. . . . If he has the decisive say about it, the Fund and Bank will be a success. . . .

Vinson is a good fellow and a good sport. . . . When, at his opening reception at the General Oglethorpe, he was serenaded by the hotel's entertainers, Enzio and Lonia, he joined with the accordian and vocalist in singing "My Old Kentucky Home." . . . He also sang with them "Three O'Clock in the Morning"—an Argentine composition—thus illustrating that music has no politics. . . . **But when one photographer tried to a pull a "Morgan and the Midget" stunt on him, the Judge was understandably annoyed.**

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Friday must have been Argentine Night at the Savannah Conference. . . . In addition to the just-mentioned musical selection, the dinner orchestra played an Argentine tango, and in the hotel lobby a young man, wearing on his lapel the badge of the Conference Secretariat, stopped the writer to ask whether Argentina is a member of the Conference. . . .

The Conference badges, colored plastic discs, bear the inscription, "World Fund and Bank, Inaugural Meeting, Savannah 1946." . . . They also carry a sketch of two Ionic pillars supporting a horizontal piece, a design similar to the trademark of E. R. Squibb and Co. . . . The pillars are much stockier than the weight they bear. . . . This optimistic design was produced in the State Department. . . .

Lord Keynes, who does not trouble to wear the Conference insigne—perhaps because every one here knows who he is—seems not to be quite so convinced as the State Department that the Fund and Bank will be enduring. . . . He regaled the opening formal session of the Conference with some fairy tales sufficiently pointed to give the impression that the British delegation dislikes the prospect of Washington domination of Fund and Bank. . . . This is supposed to be the reason the British prefer to have the headquarters of at least the Fund as far from Washington as possible. . . . Since the site must be in America, they would like it in New York, "where there is some tradition of foreign exchange operation," as one man privately put it. . . . But Washington prefers Washington as the site. . . .

Lord Keynes told the Conference he hoped no evil fairy would spoil the lives of Master Fund and Miss Bank. . . . Drawing on Tschaikowsky's ballet, "The Sleeping Beauty," for his allegory, the husband of the former Russian ballet dancer, Lydia Lopokova, hoped that no malicious carabosse would cause the Fund and Bank to become politicians. . . . If that should happen, then the best that could befall would be for them to fall into eternal slumber. . . . The whimsical British economist said he was "asking and hoping for a great deal" in saying that the two new institutions, to win the full confidence of a suspicious world, must have an approach to their problem "absolutely objective and oecumenical." . . . He seems not too sure that this can be if the Fund and Bank are under the shadow of the State Department, if we read aright the moral of his humor. . . . Upon the conclusion of Keynes' "grim" fairy tale, a Latin-American Governor commented, "When Keynes jokes, beware!" . . .

Perhaps the chief British delegate was voicing the opinion of other foreigners as well as the British. . . . For example, the latest annual report of the Bank for International Settlements discussed the Fund as follows:

"It need not be emphasized that, in practice, the smooth working of the new institution will largely turn on the degree of confidence which it is able to win. Not infrequently more can be achieved by intimate friendly relations than by authority based on legal provisions; indeed, the power to approve or disapprove an alteration in the par value of a currency may often turn out to be merely formal: when matters have gone so far that a request for a change is made, there is often little help for it, since the basic conditions are probably such that no alternative solution is practically possible. In order to make a real contribution to increased exchange stability, the Fund must gain an influence over all those essential factors which determine the currency developments in the different countries, and these are largely of a domestic character (public finances, nominal wages, tariffs, etc.) **Thus it is by gradually acquiring authority and inspiring confidence that the Fund will best attain a position enabling it to exert a decisive and useful influence on the currency developments in the various countries and consequently in the world in general."**

* * *

Three observers who especially seemed to enjoy barbecue and oyster roast were F. P. Bystrov, Chief of the Russian contingent here, his assistant, D. L. Dolotov, and their translator, Miss A. Bodrova, an attractive young blonde of distinctly Slavic type. . . . Bystrov, a former professor, was with the Soviet delegation at the Bretton Woods Conference. . . .

Oysters seem to be a rarity in Russia. . . . Of the party of three, only Dr. Dolotov had tasted them before. . . .

Miss Bodrova was, with some difficulty, persuaded to try the roasted tidbit, and liked it well enough to come back for more. . . . But Professor Bystrov simply could not get himself to make the experiment, and instead sampled the barbecued pork. . . . Mr. Bystrov has been in the U. S. A. about two years and speaks English well, but slowly; Miss Bodrova is quite adept at the language, which she learned in Moscow.

* * *

Although the weather at Savannah has been wonderful, and the spirit of the delegates correspondingly warm and friendly, the daily newspapers serve as a reminder that the world at large is in a less relaxed condition. . . . For example, the following headlines appear on the front page of Monday's Savannah "Morning News":

"Communist Forces Attempt Seizure of Mukden"
"Fear and Doubt Block Progress, Declares Chester Bowles"
"Red Army Troops Arrive in Changchun"
"Great Britain Sends Protest"
"Grave Danger of Losing Peace, Says Harold L. Ickes"
"Soviet Scientists Advised to Be Alert"
"Controls Tighten Along Poland's Border"
"Argentina in Financial Plight"
"Stiff Battle Faced by OPA"
"Moscow Decries 'Irresponsible' Talk in the United States"
"Senator Ellender Paints Plight of United States"
"Lewis' Policy Group to Draft Formal Demands Today"
"World Affairs in a Perilous Position"

* * *

Washington Site Choice

Washington's selection as Fund and Bank site will undoubtedly be formally approved tomorrow. . . . Although decision of committee today was unanimous, in the discussion the USA was supported by China, Poland, Czechoslovakia, Dominican Republic, and Ethiopia, but opposed by the United Kingdom, France, Canada, and India, according to unconfirmed reports late this afternoon. . . .

* * *

President Truman's Address

At the inaugural session the following address of President Truman was read to the delegates:

Members of the Savannah Conference:

On behalf of the United States, I welcome you to a great Southern city, Savannah, Ga.

I should like to recall to your minds now the words with which the late great President Roosevelt welcomed the delegates to the Bretton Woods Conference. He said:

President Truman

"The spirit in which you carry on these discussions will set a pattern for future friendly consultations among nations in their common interest. Further evidence will be furnished at Bretton Woods that men of different nationalities have learned how to adjust possible differences and how to work together as friends. The things that we need to do, must be done—can only be done in concert. This Conference will test our capacity to cooperate in peace as we have in war. I know that you will all approach your task with a high sense of responsibility to those who have sacrificed so much in their hopes for a better world."

Today we all know of the success which was attained at Bretton Woods. For there was constructed a cornerstone upon the foundation of which a sound economic world can—and must—be erected. Whether such a sound economic world will be realized will depend very largely upon your individual and collective endeavors. For the great institutions provided for at Bretton Woods must now become living operating organisms. To breathe life into these institutions is your challenging task.

In this task I wish you Godspeed. You must not fail.

* * *

Secretary of Treasury Vinson, representing the United States, followed the President's message with an address printed elsewhere in this issue of the "Chronicle," which also prints the address of Lord Keynes, Chief of the British delegation. . . . Both speeches sounded notes of warning as well as of optimism, the Secretary pointing out that "Ours is a race against time for sanity." . . . Short addresses were also made by delegates from other countries. . . . It was agreed that English is to be the official language of the Conference. . . .

Vinson Elected Head

At the first joint session on March 1, Secretary Vinson was elected the Executive Director of both the World Fund and the Bank. . . . The Vice-Chairmanship was distributed among the Governors from Great Britain, China, France and India. . . . As Russia has not formally ratified the Bretton Woods Agreement and is represented only by official observers, it was left out. . . . As was expected here, Vinson was also elected Chairman and Lord Keynes, Vice-Chairman, of the "Steering Committee" consisting of 12 members. . . . The Chairmanships of other committees were distributed among the various signatory nations.

* * *

Differences Regarding Work of Functionaries

The most serious difference of opinion that has arisen to date has been the determination of the functions and remunerations of the executive directors of the Fund and Bank. . . . The American delegation is insisting that those directors, as provided in the agreements, devote their attention continuously to the institution to which they

are assigned, whereas others, notably the British and Dutch, prefer the system of executive directors who meet at intervals to exchange opinions and handle necessary matters. In Tuesday's meeting of the Functions and Remunerations Committee, Lord Keynes and Harry White vigorously debated this issue. . . . White's position is that the Fund and Bank are to be in continuous operation and will need the more or less continuous attention of the controlling executive committees. . . . Certainly, this is true of the Fund, which must follow day-to-day developments affecting international exchange.

The British think the executive directors can retain other major interests in addition to the World Fund and Bank. . . . The Americans hold that the Fund and Bank must be the directors' major, if not exclusive, concern. . . . The United States does not object to an executive director returning to his own country for visits. . . . The work of the executive directors can go on so long as there is a quorum present. . . . But, the Americans hold, the Fund and the Bank are different from the Bank of International Settlements, in reality a central bankers' bank. . . . The BIS is owned by central banks, whereas the World Bank and Fund are owned by the governments. . . .

Seats of Power

The Fund and Bank will have twelve executive directors each. . . . Only original countries signing Bretton Woods Agreement may vote for executive directors. . . . The first five will represent members with the largest subscriptions or quotas. . . . In the case of the Fund two executive directorships were reserved for Latin American countries in the Bretton Woods charter. . . . According to Savannah lobby gossip, the Latin Americans are seeking three places on the Bank, an institution with plenty of money at its command and whose loans the Mexicans at Bretton Woods insisted should go 50% for reconstruction and 50% for development. . . .

The Latins are not expected to succeed in their desire for three places on the Bank, where they have no guaranteed position; but with the help of the Iranians, the Latins may succeed in getting two places on the Bank. Iran, it is said, has been kicking up a bit of dust here. . . .

* * *

One foreigner interviewed by the writer expressed the view that the 12 executive directors of the Fund and the Bank would be virtually identical, including, in addition to the Big Five: Canada, The Netherlands, and Belgium as certainties on both; Poland and Czechoslovakia on either the Fund or Bank; probably Mexico and Brazil on one or the other body; and Egypt, with maybe an Iranian alternate. The "Politiking" is still going on. . . . At the Bretton Woods conference, Harry White took the position that the executive directors should all be governors of the Fund and Bank, respectively, but in this he did not prevail. . . .

* * *

As a Bretton Woods "blocs" have been in evidence in the meeting work. Thus the Near Eastern countries work together. So, too, the Latin Americans, who at a meeting Tuesday night agreed not to give out any public statements without mutual consultation. . . . Brazil and Mexico are said to be sure of places among the Fund's executive directors. On the Bank the Latin Americans, despite their bad foreign debt record, now have a sure place for Chile, and they want an executive director from Cuba. . . . Chile's dollar bonds have been among the most neglected of all Latin American issues, one observer here pointed out to the "Chronicle." Yet Chile, like other defaulters, has been the beneficiary of Export-Import Bank credit. The Export-Import Bank may have to reexamine its policy in this respect; and if there is to be coordination between Washington and the World Bank, the latter as well may be under a spotlight. . . .

* * *

India has raised the question of its position relative to executive directors in the event that the U.S.S.R., one of the "Big Five," should become a member of Fund and Bank and therefore displace India as an elected member of the executive directors. This question could be solved by a provision to increase the number of the excutive directors from the present 12. An alternative solution would be to have 6 permanent members and 6 elective, instead of 5 and 7, as it now stands. **Whether this can be worked out without amending the articles of agreement Secretary Vinson states he does not know. The whole matter is under study. . . .**

Meeting of Executive Directors

No meeting of the executive directors will be held at Savannah. At this writing the executive directors have not yet been elected. It is a good guess that not all the to-be-elected executive directors are now in Savannah. No meeting is to be held until at least ten days after Savannah. . . .

* * *

At the request of Italy, Syria and Lebanon, the USA today presented applications for their membership in Fund and Bank. . . .

Access to Information

As is usual at international conferences, the daily press offers a varied menu of the meeting's accomplishments. . . . At Savannah the distribution of information has not been entirely smooth. . . . From the United States standpoint, this meeting is a Treasury Department matter. . . . Harry White says it "is distinctly not an international conference.". . . The State Department however regards it as such and in handling the press, one detects here interdepartmental friction. . . . Some of the correspondents have expressed their dissatisfaction with being excluded from the Fund and Bank committee sessions. . . .

Since, unlike at Bretton Woods, verbatim minutes of the meetings have been made available, correspondents are asking why they are not admitted to the meetings in the first place. . . .

Press reporters must pick up their information either from the official press conferences, or in the hotel lobby and grounds. . . **Naturally, delegates are usually reluctant to discuss pending matters with newspaper reporters. . . . Lord Keynes finds private contacts with correspondents quite distasteful, although he puts on a good face in the formal press conference or two which he has been obliged to give, usually in company with Mr. Harry White. . . .**

* * *

The Executive Committee

When Secretary Vinson disclosed the appointment of an "Executive Committee" to function after the inaugural meeting of the Boards of Governors he surprised not only this and other correspondents, but foreign delegations as well. . . . Members of important foreign groups here immediately informed me that their understanding was that the new "Executive Committee," or steering committee would die at the end of the Savannah gathering. . . . This was the belief of British, French, Belgian and other delegations. . . . Subsequently, after M. Mendes-France in his March 12 press conference had confirmed the just-mentioned interpretation, Mr. Vinson reaffirmed his original announcement. . . . This issue, perhaps not a serious one, is at this writing in process of being resolved. . . . One foreign delegate informed me that when the appointment of the "Executive Committee" was approved by the Governors on March 11, few people in the room had a clear idea of the business being transacted. . . . The "Chronicle," believing that its readers will be interested in this document, gives below some excerpts from the reportedly edited verbatim transcript of this March 11 joint meeting of the Fund and Bank governors. . . .

The headings are supplied by the "Chronicle." . . . We include also passages relating to the secrecy of future Fund and Bank meetings. . .

Meetings Generally to Be Closed to Public

Mr. Vinson: "Before we proceed with the business of the conference, I want to call to your attention one matter that I think the Boards of Governors should consider and determine. . . . We must decide on the nature of our meetings, whether the meetings of the Boards of Governors will be public meetings or what we call meetings in executive session. . . . I would like to have the view of the delegates on that burning issue.". . .

The delegate from the United Kingdom, Lord Keynes: "Mr. Vinson, we have given little thought to this and we certainly agree with your view that it would be wiser to act as you suggest. . . . In particular cases it is always open to us to make an exception. . . . At this stage, with such functions as we expect these boards to perform, we believe the course you suggest is more prudent.". . .

Mr. Vinson: The delegate from Mexcio. . . .

Mr. Monteros: "Mr. Chairman, I move that we authorize the Chair to determine in each case whether the session shall be public or executive.". . .

Mr. Vinson: "I hope the delegate from Mexico will permit the Chair to suggest an amendment. . . . It seems to me that this is a matter which should be within the discretion of the Board. . . . There will be many instances in which we all agree that the meetings should not be of a public character. . . . If the Delegate from Mexico would permit, I suggest that the nature of the meeting, whether public or executive session, should be within the determination of the Board. . . .

"Is there objection to that suggestion?". . .

(None voiced). . . .

"The chair hears none.". . . .

Lord Keynes, it appears from the above, seconded a course Mr. Vinson did not suggest presumably. . . . Mr. Vinson had made his suggestion in private, before the formal meeting. . . .

Executive Committee Is Appointed

Mr. Vinson: "The next order of business is the consideration of the establishment of executive committees. . . . It is the thought of many members of the Conference that it might be well to have executive committees to which matters might be referred, particularly in the way of procedure. . . . They would be what we ordinarily refer to in this country as steering committees. . . . Because of their special character, we prefer to designate them as the "executive committees.". . .

"Without objection on the part of the Boards of Governors, the Chair will appoint the membership on those committees. . . . Is there objection?". . .

(None). . . .

"The Chair hears none, and he appoints the following as members of the executive committees: Chairman, United States of America; Vice-Chairman, United Kingdom; other members, Belgium, Brazil, Canada, China, Egypt, France, India, Mexico, The Netherlands, and Poland. . . .

"You will note that the Chairman of the respective committees appointed for the Fund and Bank are members of the executive committees. . . . In addition, the committees give appropriate representation to vast areas which did not have a chairmanship. . . . Without objection, the delegates from the designated countries will serve as members of the executive committees. . . .

"Is there any further business to come before the meeting?". . .

* * *

The issue raised by Chairman Vinson's new "executive committee" was fully discussed on March 13 and it was the unanimous consent that such a permanent committee would serve a good purpose. . . . Therefore a "procedures committee" . . . in fact but not in name the same executive committee created this week . . . will be available for convocation at any time between meetings of the full Board of Governors. . . . Certain objections to this decision were raised by Britain, Canada, India, France and Belgium, but later withdrawn. . . The procedures committee will last until the next meeting of the Boards of Governors, unlike the Vinson "executive committee" which would have been a permanent committee. . . . The voting procedure of the "procedures committee" was not discussed when the new body was approved on March 13. . . .

Nomination of Committee Chairmanships

The following are chairmanships of committees as reported by the Fund and Bank nominating committee. The Fund and Bank committees are identical.

Chairman of the Board—United States of America (Vinson); Vice-Chairman of the Board—United Kingdom (Keynes); China (Hsi); France (Mendes-France); India (Deshmuk).

Committee on Membership—Chairman, France (Mendes-France); Vice-Chairman, Union of South Africa (Dekock); reporting member, Honduras (Caceres).

Committee on Site—Chairman, China (Hsi); Vice-Chairman, Iceland (Thors); reporting member, Mexico (Monteres).

Committee on By-Laws—Chairman, United Kingdom (Brand); Vice-Chairman, Egypt (?), and Peru (Monteros); reporting member, Belgium (Boel).

Committee on Functions and Remuneration—Chairman, Canada (Ilsley); Vice-Chairman, Poland (Drozniak); reporting member, Norway (Jahn).

Latin Amer. Airways Stock Placed on Market

An issue of 99,166 shares of Latin American Airways, Inc., common stock, par value $1 per share, was publicly offered March 8 by Willis E. Burnside & Co., New York, at $3 per share. The issue has been oversubscribed. The purpose of this financing is to provide the funds required for acquisition of equipment and personnel for commencement of operations. Corporation was organized in Delaware April 26, 1945, for the purpose of obtaining concessions from the Republic of Ecuador for the operation of a national air line in that country. Under decree of the President of the Republic of Ecuador, dated July 14, 1945, such a concession was granted to the corporation. The concession grants the corporation the right to establish, maintain and operate a commercial airline in Ecuador for the transportation of passengers, mail and cargo among various cities, including Quito, Guayaquil, Esmeraldas, Bahia, Manta, Salinas, Loja, Cuenca, Riobamba, Machala, Puerto Bolivar, Ambato, Latacunga, Ibarra, Tulcan, Daule, Babahoyo, Vinces and Quevedo. Governmental assistance to facilitate acquisition of equipment and its importation into Ecuador, is fully assured. The term of the concession is 10 years.

Preferential treatment of the corporation in respect of expansion of its operations in international routes is unqualifiedly conceded. The concession is not transferable, except to the Ecuadorean company which the corporation is required to organize. This company, to be known as "Aerovias Nacionales del Ecuador, S. A.," or "Andesa," will be formed by the corporation as required by the decree, as a subsidiary, to institute and carry on the services specified in the concession. The executive and operational personnel of both companies will be identical and the corporation, in consideration of the transfer of equipment, will require 70% of the capital stock of "Andesa." The remaining 30% will be reserved for purchase by Ecuadoreans.

A second concession, embodied in a separate decree, extends the service of the corporation to those sections of the country lying to the south and southeast, beyond the Andes range. In this decree the Government expressly undertakes to underwrite the corporation against any loss which it might sustain by reason of this branch of the service. The concession authorizes scheduled air services for passengers, freight and mail to the cities listed above and to other places that may be determined by the Government in agreement with the corporation. Total route mileage is 1,582.

Maj. O'Connor Rejoins Otis in Columbus

COLUMBUS, OHIO—Major Ray M. O'Connor, having been released from active duty with the Army Air Forces has resumed his activities as Manager of the Columbus office of Otis & Co., 1143 Huntington Bank Building.

A veteran of World War I, Major O'Connor re-entered the Air Corps in 1942. He served as commandant of cadets at Greenwood, Miss., later transferring to the Air Transport Command and serving in the Asiatic-Pacific Theatre until released from active duty after three years and three months of service. His last assignment was as executive officer and director of personnel of the Air Base at Nome, Alaska.

With twenty-four years of experience in the securities business, Major O'Connor was Manager of Otis & Co.'s Columbus office before entering the service.

Patterson on Nation's Defense Problem

(Continued from page 1353)

drafted men now in the service. Short-term enlistments will expire. Whether or not we can maintain our minimum necessary force by voluntary enlistment is uncertain.

Results to date are good. But in forecasting the rate of future enlistments it should not be overlooked that the Selective Service Act has had a marked effect in stimulating recruiting for the Regular Army. Of the 500,000 volunteers as of Feb. 1, about 200,000 are on short-term enlistments, 12 to 18 months, and must soon be replaced unless they reenlist. The Selective Service Act is due to expire in May, unless Congress will extend it. The War Department will make its recommendation to the Congress on this matter in the near future.

In any case, we shall not relax our recruiting campaign. To get men, and the right kind of men, we must make the service attractive. To that end, Congress can help, the Army can help, you can help.

First, Congress can help by increasing pay rates 20% as urged this week by the War and Navy Departments. The favorable effect it will have on recruiting was one of the factors that caused us to recommend the increase. The Armed Forces must compete with private business and industry in recruiting men capable of becoming technicians competent to handle the complicated machines of the services. Those men must be offered the incentive of pay levels more nearly approaching industrial standards, and more in line with increased living costs than the present rates.

Second, the Army can help by increasing opportunity for promotion and advancement. It is characteristic of our dynamic society that the average American wants to get ahead. We will aid him to the limit in the development of his natural talents. Abuses that crept into the Army during the war, chiefly in the rear areas overseas—abuses that existed only because of the difficulty of supervising such a vast enterprise—will be corrected. We will present every fair inducement. We will not, however, go to the length a Civil War recruiting poster did in 1861. The poster read:

As this regiment is to be constantly garrisoned in the forts around Washington, those anxious to enter the military service will find in it the inestimable advantage of exemption from the hardships and privations incidental to camp life.

Third, you can help by educating the American people to a full appreciation of the necessity and dignity of the soldier's profession. His security mission today is every bit as important as his victory mission was a year ago. He brings to it highly technical skills and qualifications that equal those of any civil walk of life. He is making personal sacrifices that no money can pay for. Because of what he is doing now to enforce the peace and because of what he will do later to make this a better country, he merits the high regard of his fellow-citizens. You can be sure that he will receive the treatment he deserves, the hospitality of the community, friendliness of its citizens, by presenting his case to the people.

One final word, and now I speak primarily as an American citizen. Our people must bear in mind that while the war is over, peace is not yet here. Throughout the world there are many heavy military hazards. Our security depends upon our ability to protect it. Public opinion must be aroused to the danger of weakening ourselves below the strength required by our national responsibilities. For the sake of everything we hold dear, let us not be the only one to disarm.

Heard at Savannah

(Continued from page 1343)

recently came to this country to seek aid in the alleviation of the grave threatened famine. . . . In addition to his post on the Indian delegation, he is the official observer here of the United Nations Economic and Social Council, of which he is President. . . .

Sir Ramaswami brings with him considerable experience in international matters. . . . He headed the Indian delegation to the San Francisco Conference last year and to both the Preparatory Commission of UNO which met in London last November and the General Assembly which met in January, 1946. . . .

Interviewed by "The Chronicle" representative, Sir Ramaswami described the famine which India suffered in 1943, when one and one-half million persons died of hunger. . . . The famine which now threatens, however, as a result of this winter's exceptional drought, is likely to be several times as severe as that of 1943. . . . The rice shortage is greater and the area involved is also greater. . . . Sir Ramaswami said:

"If the housewives of America knew how acute the food situation in India is, and if the farmers of this country were made aware of the fact that millions of Indians will starve, I am certain that their generous and sympathetic instincts will cause them to save a little more wheat and corn, or bring out a little more of the stock which exists in some cases. . . . Canada has promised to do its utmost for India in this matter, both the Government and the people, but even more we need American help. . . . This is not a matter of mere charity, because we can pay in dollars for whatever we receive and we shall be grateful for that relief. . . .

"I should like very earnestly to remind the American people that even during the famine in which one and one-half million Indians perished of starvation, the tens of thousands of young men in the American Army in India obtained all we could give and more than we could spare of foodstuffs and other commodities."

Concerning the sterling balances, Sir Ramaswami said: "India hopes very shortly to start negotiations with the United Kingdom on the sterling balances owned by India. . . . I hope that the question of scaling down those sterling debts will not arise, because apart from its being an academic question it will be very difficult to persuade the Indian people to accept a scaling down." . . .

Touching on India's use of the Bretton Woods institutions, Sir Ramaswami remarked:

"India hopes to make use of the Bank if the need arises in connection with industrialization, but we have such good credit that that will not be a serious problem, whether relating to the Bretton Woods Bank or the Export-Import Bank. . . .

"Concerning the Bretton Woods program as a whole, India has been loyal to every international agreement which it has entered thus far and India will be loyal to this one and will try to carry out its objectives in the best spirit; but we expect also that if we should have at any time some representation to make, such representation will be very carefully considered. . . .

"Here at Savannah I see a very helpful and understanding spirit among the delegates and have every reason to hope that the Fund and Bank have started out well and will function satisfactorily. . . .

"This, of course, is a working body, not a political forum; but it is an essential link toward the building of that economic prosperity in the world which is the real means of avoiding political and worse conflicts. . . .

"With the International Trade Organization in the offing, as sponsored by the Economic and Social Council, the ITO on the one hand and the Fund and Bank on the other, will be complementory and go a long way toward insuring economic progress and stability. . . .

"The articles of both the Fund and the Bank provide that these bodies shall be brought into relationship with UNO and I trust that the Fund and Bank will now take steps to appoint a committee to negotiate with the Economic and Social Council toward establishing that relationship. . . .

"With reference to India's needs for capital, there are in India opportunities for American direct investments, provided always that they be in cooperation both with Indian capital and Indian management. . . . Unlike some other countries, India has no preconceived ideas as to the exact percentage of Indian participation in such investment."

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William L. Clayton Interviewed

William L. Clayton, Asst. Secretary of State and alternate to the Honorable Fred M. Vinson as the United States Governor of the Fund and Bank, when asked by the "Chronicle" for his views on the Monetary Conference, had the following to say:


William L. Clayton

"I sense here a feeling of enthusiasm and high hope in launching the World Fund and Bank. . . . It is recognized that these two institutions cannot be expected to cure the economic ills of the world. . . . It is confidently believed, however, that they will prove effective instruments for prompt international consideration and action on economic problems which may affect the prosperity and even the peace of the world. . . . Such problems have heretofore been dealt with largely by unilateral action. . . .

"The various delegations are approaching the solution of points of difference in a friendly and tolerant atmosphere and I do not doubt that the results of the Conference will be highly successful."

* * *

SEC Registration of World Bank Issues

Since it is the clear intent of Congress that the securities issued by, or guaranteed by the World Bank, conform to SEC requirements, the "Chronicle" representative questioned Walter C. Louchheim, Jr., the SEC's representative attending this meeting. Mr. Louchheim replied that, of course, he would not speak for the Commission, but was willing to give his personal view on some of the salient points, as follows:

"The question as to registration under the Securities Act of bonds issued or guaranteed by the International Bank and sold in the United States has been frequently raised in recent discussions. . . . It seems clear that registration of these bonds is required under the law and discussion during the Congressional debate on the Bretton Woods Agreement Act confirms this opinion. . . . **Public offering of the direct or guaranteed obligations of the Bank will be conditioned upon their registration with the Securities and Exchange Commission.** . . . Even should the Commission wish to exempt these issues from registration, the Securities Act does not empower it to do so. . . . The only exemption that might conceivably be applied to the Bank's bonds would be that contained in Section 3 (A) (2) of the Securities Act which relates to securities of an instrumentality of the United States. . . . It is agreed, however, that the Bank does not fall into this category."

* * *

In the Senate debate on the Bretton Woods Agreement there was a colloquy in which Senators Barkley and Taft principally participated. . . . That discussion confirms the view that it is the intent of the Congress that the bonds of the Bank be registered under the Securities Act prior to their being offered to United States investors. . . . Both these Senators, as well as several others who joined the discussion, referred repeatedly to the public protection afforded by the Securities Act in the prospective offering of foreign securities in the United States. . . .

In considering registration of the bonds of the International Bank, distinction must be made between the direct obligations and the obligations of individual foreign governments guaranteed by the Bank. . . . Further distinctions in the second category relate to securities of municipalities and political subdivisions, and securities of domestic enterprises. . . .

"As to the registration of bonds issued by the International Bank a special schedule of information will probably be called for. . . . Such a schedule should include such items as the following:

"Organization and purposes of the Bank; description of its business and of the securities being offered and registered; description of the underwriting agreement, if any, or of distribution agreements; a statement of the purposes for which the proceeds of the sale of the securities are to be used; a condition statement of the Bank, including unpaid subscriptions and calls; schedule of loans and of currencies due in some detail; and a Profit and Loss Statement. . . .

"On bonds of foreign governments guaranteed by the International Bank publicly offered in the United States, registration by the foreign government as well as by the Bank will probably be required. . . . This registration would include items such as the following: General information on the country; the specific purposes of the offering in detail; the outstanding debt of the country including that of institutions controlled by it; whether or not there has been a default on any external debt within the preceding 20 years; estimate of receipts and expenditures for recent dates; estimate of national income; value of exports and imports; statement of exchange and capital controls; any special taxes on foreigners; international balance of payments, and if this shows continued deficits, a statement of sources from which payments on loan are to be met; production of gold; international investment position and holdings of foreign exchange and gold; a statement of the member's status with the International Monetary Fund. . . .

"The information required to be filed in registering the obligations of foreign municipalities with the Bank's guaranty would be somewhat different and appropriate to the nature of the issuing political subdivisions. . . . All of the registration material briefly described here is a matter for discussion between the Securities and Exchange Commission and the Executive Directors of the Bank. . . . The Commission has not actually reviewed or adopted any schedules or forms, although its staff has been studying the problem carefully. . . .

"The registration requirements of all foreign issues other than governments and political subdivisions (principally private business enterprises) are, in general, the same as those applicable to domestic business enterprises. . . . The Commission's form S-1 sets forth the information required in the registration of domestic corporations. . . .

"The prospectus which is used in the selling of the securities of the Bank, and those which it guarantees, will of course contain the items of information which it is considered are essential for the prospective investor to have in order to make an intelligent choice in the purchase of these bonds. . . . In case a security contains one or more guarantees, such as that of the Government plus the Bank, arrangements will no doubt be worked out by the Commission and the Bank for the filing of a consolidated statement. . . .

"Another aspect of registration of the securities of the International Bank arises from the probability that these bonds, whether direct or guaranteed obligations, will be listed on the National Securities Exchange in the United States. . . . This will require their registration under the Securities Exchange Act of 1934. . . . To comply with these requirements, however, it will probably be necessary only to file copies of the Securities Act of 1933 statements with the Exchange on which the bonds are to be listed. . . .

"In addition, however, periodic reports are required of issuers having securities registered on a National Securities Exchange, to bring up to date and keep current the information furnished in the original registration statement. . . . In fact, similar periodic reports are required of any issuer having securities registered under the Securities Act of 1933 (whether or not on a National Securities Exchange) if the value of its outstanding securities exceeds $2,000,000. . . . Either of these conditions will apply to the International Bank so that annual and other reports will be required of it. . . . While the forms of reports for the Bank have not yet been drafted, it has been the policy of the Securities and Exchange Commission not to require a restatement of information previously reported, but only the submission of such information as may be necessary to bring up to date the information previously submitted. . . . This also will be a matter for discussion between the Commission and the Bank."

* * *

In an interview with Dr. M. H. deKock, South Africa's representative at the Savannah meeting as Alternate Governor and Governor of the South African Reserve Bank, the advantages of the Fund as a meeting place for central bankers was discussed. . . . Prior to his elevation to the Governorship of his country's Central Bank more than a year ago, Dr. deKock was for 13 years its Deputy Governor. . . . deKock obtained his Ph.D. degree at Harvard University in 1922. . . .

"Apart from the Fund and Bank machinery for providing international short and long-term credit facilities and promoting exchange

stability," Mr. deKock said, "I consider that the most important advantage to be derived from the establishment of these institutions will be the opportunity which they will afford for regular international consultation and collaboration. . . .

"In the first place, the meetings of the Boards of Governors of the Fund and the Bank will at least once every year bring together, as now at Savannah, leading representatives of the Treasuries and Central Banks of the greater part of the world. . . . In almost all cases, the Governors and Alternate Governors are men who have a very important share in the formulation and carrying out of monetary policy in their respective countries. . . . These men will now have a suitable and convenient occasion for formal and informal discussions of world monetary problems as well as of particular questions affecting any two or three or four nations; they will also have the opportunity for exchanges of views on general financial and economic questions which have a direct or indirect bearing on monetary problems; and as a result of such discussions they will have a much better understanding of, and sympathy for one another's point of view and difficulties and will be better able to take effective and timely monetary action than has been the case hitherto. . . .

"Secondly, the twelve Executive Directors of the Fund and of the Bank, who will be broadly representative of the member countries, as well as their staffs, who are to be recruited on as wide a geographical basis as possible, will afford further opportunities for international financial understanding and cooperation."

* * *

One of the Latin American representatives here, in reply to questions from the "Chronicle's" correspondent described projects for which his country would use a loan from the Bank. . . . His country"s object would be to raise the standard of living of its people by increasing domestic production. . . . Such application of a Bank loan would not necessarily increase the borrower's exports and thus might not fit the definition of "productive loan" which was in the minds of so many Congressmen when voting on the BW program. The "Chronicle's" representative asked this Latin American whether he was confident his country could repay a loan of the size mentioned by him. . . . "Certainly, if the terms are sufficiently long," he replied. . . . **When next asked what his country was doing about its dollar debt, now in default, he found the subject embarrassing. . . . On those old dollar loans, he remarked, the interest and amortization rates and the underwriting commission were very high.**

* * *

In discussing the BW program with a member of a European delegation, the view expressed to the writer was that the Fund will be exhausted in four years or so—when the U.S.A. will be called to put up more dollars. . . .

Netherlands Finance Minister Makes Statement

In an exclusive and prepared statement, Pieter Lieftinck, Minister of Finance of the Netherlands, spoke of the repercussions of capital exports on American economy. . . . This statement follows:

"The capital losses in the continental European countries caused by the war are rather heavy ones. . . . Apart from the damage caused to buildings and mechanical equipment by direct war operations as well as by depreciation there is the almost complete depletion of stocks which makes it very difficult to rebuild the productive apparatus without exposing to starvation a large part of the population. . . . Credits by the countries that are to a far smaller degree hit by the war are the natural way-out. . . . The most important country of this group is the United States; next comes Canada. . . . Both countries and particularly Canada have already granted important credits to various European countries. . . . The granting of these credits is, of course, primarily a vital interest to these European countries. . . .

"It is, however, also in the interest of the United States that huge amounts be put at the disposal of the war-hit countries. . . . There is an indirect interest and a direct interest of the United States in these credits. . . . The indirect interest lies in the interest of that country in an ever spreading of world prosperity. . . . If the Continent of Europe evolves into a depressed area of the world, this will have serious implications both in the economic and in the political field. . . .

"The direct interest is connected narrowly with the need for full employment generally felt in the States. . . . It is a well known result of modern economic thought that if a wealthy country like the U. S. A. is left to itself, an equilibrium level of employment will develop that is far below the level necessary to approach full employment. . . . The basic reason is the tendency to save a rather high proportion of income. . . . The level of savings corresponding with the full-employment level of gross national product of 193 billion dollars is estimated to be 30 to 40 billion dollars by Arthur Smithies in a recent econometric study on these problems. . . . It is very improbable that there are private investments to such an amount. . . . This means that no equilibrium at this full-employment level is possible. . . . Recent estimates of the equilibrium level of gross American national product are in the neighborhood of 130 or 150 billion dollars. . . .

"How is it possible to raise the equilibrium level? Generally speaking there are three methods, viz.:

"(a) Raising the wage level;
"(b) Raising public expenditures;
"(c) Raising exports.

"By raising wage rates it may be possible to raise the proportion of national income paid out to workers. . . . And since workers spend a larger part of their income on consumers' goods, the total demand for goods and services would become larger. . . .

"It is not probable, however, that a rise in wage rates will help very much in this direction. . . . Any such a rise has two consequences: the individual income of the employed worker increases but the number of workers in employment generally decreases. . . . Recent investigations by Professor Douglas make it probable that the proportion of national income going to workers can hardly be changed in this way. . . .

"This could, however, be obtained by the second method, viz, by raising public expenditures, say for social welfare. . . . Other types of public expenditures in excess of the amount hitherto spent would have the same effect. . . . This is the well known type of employment policy advocated by many English and continental economists. . . . Recently British economist N. Kaldor has made extensive calculations on the consequence of this policy, which show the beneficial consequences for employment to be obtained there. . . . American public opinion is not, however, very much in favor of this type of policy. . . . State intervention even of this moderate type has many opponents. . . .

"Although it is to be hoped that this policy will get more attention in the United States, it seems wise not to concentrate upon one type and to introduce at the same time the third type of policy mentioned above, Type 'C'. . . . A higher level of exports can, however, only be obtained by granting credits. . . . At the present stage the incomes of most foreign countries are too small. . . . What amount of credits will be necessary in order to raise national income by, say, 40 billion dollars?

"Here we are faced with the well known questions of the so-called multiplier. . . . If in a state of incomplete employment, additional exports are introduced, national income will rise by a multiple of those additional exports. . . . The higher incomes received by those producing the export goods will be spent and the recipients will also have higher incomes. . . . These will again be spent, etc. . . . It depends on various 'leakages' what the joint results of all these 'secondary effects' will be. . . In a small country the leakages are rather large. . . . In the United States, these leakages are much smaller. . . . Hence the 'multiplier' is larger. . . . In most European countries the multiplier was found to be about 1.7. . . . Recent American studies have shown that the export multiplier amounts to a figure as high as 4 in that country. . . . This means that an increase in national income of 40 billions of dollars will be obtained by an increase in exports of 10 billion dollars, only. . . . Credits up to this amount would therefore already be sufficient. . . . They would, for the same reason, be of a great importance for the American economy. . . .

"Theory of the multiplier only holds good in times of under employment. . . . During the war boom it would not have been valid. . . . There has been, however, already a considerable decrease in the volume of production after the war's end. . . . As long as there is only a moderate degree of unemployment the multiplier will not be as high as 4 neither. . . . But even if it is only 3, the granting of the credits would be an advantage to the American economy. . . . It would mean that, even if these credits were not entirely paid back—which does not seem probable—there would be a net gain in national income if they were granted."

* * *

Denmark's Position

Since a committee recommendation is now before the Board of Governors of Fund and Bank fixing Denmark's quota in Fund and subscription in the Bank at $68,000,000, a figure slightly smaller than Denmark desired for a Danish reaction to the Savannah Conference the "Chronicle's" correspondent interviewed Mr. Erling Sveinbjornsson, Chief of Division of Denmark's Ministry of Finance. . . . Mr. Sveinbjornsson has been an official of that department ever since graduation from the university. . . . He was in Denmark throughout the war. Before the war he was a member of the German-Danish Trade Committee, and hence knows about bilateral agreements at first hand. . . . His present work has to do with trade negotiations, export credits, and price control. . . . Mr. Sveinbjornsson's home is on a farm near Copenhagen, so he knows about the farmers' problems, too. . . .

The following are seven questions which was asked of Mr. Sveinbjornsson and his replies:

Q. What does the Bretton Woods program mean to Denmark?

A. Everything that can be done to promote or develop international trade is of the greatest interest to Denmark. . . . Being a small country it is I mean, of special interest to Denmark. . . . We are more than most other countries dependent on import of raw materials for our industry and for our highly developed production of agricultural products of high quality. . . . On the other hand we have exports on a comparatively very large scale to pay for our imports. . . . The Bretton Woods plan aims to provide a means of stabilizing international relations in the economic field and is therefore of a very great interest to us. . . .

Q. Will Denmark borrow from the Bank?

A. Well, I really don't know. . . . Denmark has for many years been a debtor country, as you know—one of the good debtors I may add—and this probably will not be changed for the near future. . . . If we are going to borrow we must, however, think of our possibilities to make good use of the money we borrow, so that we can be able to repay in due time. . . . That is a sound principle and I think Denmark wants to stick to that, I am sure. . . .

Q. Is the Fund, for Denmark, an improvement over the monetary and exchange system of the recent past?

A. In my opinion—I am speaking on my own account—an international system of short credit, exchange-balances is much to be preferred to a move limited bilateral system. . . . If you have to outbalance inside a more or less limited system, an eventual surplus in the balance of payments, you very often have to do it by buying goods which you would rather not buy. . . . The Bretton Woods program aims at overcoming such difficulties. . . .

Q. Are the interests of smaller countries adequately protected in the Bretton Woods program; as set down in the Bretton Woods agreements; as evidenced in the manner of conduct of the Savannah Conference to date?

A. I don't feel competent to answer these questions, but it seems quite clear to me, also from what has been said by several very distinguished speakers during this conference with regard to the goal of the work to be done here and afterwards, that this work will be done for the benefit of all countries, be they great or be they small. . . . We all—I do think—feel confident about that. . . . Is that not the main thing? . . .

Q. What are your impressions of the American public's attitude toward the program and the Conference here; the reception of the people of Savannah to the delegates, etc.?

A. Well, I came over to this country only a week ago, this being my first visit here—I hope it will not be the last—so I have of course, very little, if any at all, the experience as to American public opinion. . . . Also with regard to these questions, other than that many people seem to take very great interest in what is going on here, and tries to see the problems from a general point of view. . . . I mean from the point of others too. . . . I think that's the right way to do it. . . . In Denmark we try to do that ourselves as far as we can. . . . I think you press people might do good work in that point if you could arrange it so that some of your men now and then wrote articles of general political and economic interest in leading Danish papers. . . . Not of course for the sake of propaganda but for giving Danish public a first hand opportunity of seeing things from an American point of view. . . . Don't you think? . . . As to one side of American public let me only say this, that people down here in beautiful Savannah have shown us their kind smiles and gave us a welcome that we will never forget. . . . And then all the flowers too—and weather has been so fine. . . . "It was the time when lilies blow, and clouds are highest up in the air"!—you remember Tennyson?—Well, we are **not to go to be romantic; it is a Monetary Conference** and it ought to be a purely realistic interview. . . .

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Future of Cash Securities Market

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munity at large. However, as we have seen during the past few years of the present bull market, the real activity has been principally with lower priced issues, while the so called higher priced blue chips are neglected. It is especially desirable that this quality of stock should also enjoy an active market. Let us take, for example, a stock like Eastman Kodak, in which generally the daily turnover is only a few hundred shares, with the absence of sales on many days. It seems unfortunate that a stock of this high caliber should, for all practical market purposes, be as good as neglected. Here we have a company which has 2,500,000 shares, held only by 40,000 stockholders. Why could there not be ten times that number of stockholders? The one factor standing in the way of this is the high quotation of the stock.

It will be argued that people could buy a limited number of shares at a high price, but most people are not constituted that way. They want a greater number of shares at a lower price. It is a fact generally accepted that the average buyer of stocks would rather have a full hundred share lot of a relatively low-priced stock than ten shares of the same stock if selling at ten times the price. The high quotation alone tends to deter the average buyer, since even the normal fluctuations of such stocks run from ten to twenty points.

Aside from the matter of market activity, concerns of the class of Eastman Kodak could create much good will on the part of the general public by making their shares available at lower prices, since the stockholder is naturally a loyal customer, and the more stockholders, the greater the possibilities along these lines. It certainly is advertising at no cost, and we all know that millions are expended for advertising by this and other companies for the very purpose of gaining good will.

The tendency today is toward thinking in larger numbers. But capitalization as regards the number of shares has not kept pace with this tendency. For instance, in 1929 General Motors had 44,000,000 shares, and still has the same number today. American Telephone, with its 670,000 stockholders, the largest number of any company, has only 19,000,000 shares outstanding, and selling at at a high figure. An increase in the number of shares, and consequent reduction in the selling price, would effect a much wider distribution among the country's population, thus creating a wider interest and making for greater turnover in the stock. The same can be said for a considerable number of other high grade companies.

From the above, it appears clear that the ingredients are present for vastly expanded securities markets on a cash basis, provided advantage is taken by the managements of the large companies with relatively small capitalizations, of the possibilities that would accrue from making their shares more generally available to the average buyer. They would thus be given an incentive to become shareholders, which is in reality partners in their companies, and thereby to acquire a stake in the country's coming prosperity, on the threshold of which we are now standing.

Forms J. H. Joffe Co.

Joseph H. Joffe has formed J. H. Joffe Co. with offices at 1106 Boynton Avenue, Bronx, N. Y. In the past he was connected with L. H. Wright.

Heard at Savannah

(Continued from page 1385)

Q. What are Denmark's chief economic and financial problems? Especially, with relation to the U. S. A.?

A. I think our main economic problems are somewhat the same as those in many other countries. . . . We must still have our internal prices under control. . . . But we must try as soon as possible to get away from regulations caused by the war. . . . We too must try to have raw materials for our industry and to have them at reasonable prices. . . . And we must have for instance oil cakes for the agricultural production. . . . Denmark is able to increase considerably and in rather a short time this production, for which part of the world is in so great need, but we can't do it without increasing imports of fodder. . . . Too, we must have such a relation between the prices, which the farmers have to pay for what they must buy, and the prices they can obtain for what they produce, that they are encouraged to increase production. . . . That is obvious. . . . And that is, as far as I know, not only an internal question of our own. . . .

Q. What can the U. S. A. do to buy more from Denmark? What have you that this country could use?

A. I am not very much in contact with the economic conditions for exporting goods from Denmark to U. S. A., a problem in which I know many Danish firms are highly interested. . . . Perhaps you might lower import duties to some extent to let more goods come in, I don't know. . . . We certainly have products, of high quality, which might find a market over here. . . . Of course there are some questions of marketing practices which must be overcome first, but that is merely a practical question, which can be solved. . . . I know that our official representatives over here are very much interested in this question and are doing a lot of work in this special field. . . . When I come home I intend to take the matter up with our authorities and do what I can to support the work in which our people over here are so very interested.

Roster of Governors, Observers, and Technical Advisors at Savannah Conference

The following is the latest official list of the "Governors," Observers, with their aids and advisors attending the Savannah Conference inaugurating the International Monetary Fund and the International Bank of Reconstruction and Rehabilitation.

Australia—Observers, Leslie G. Melville, Economic Advisor to the Commonwealth Bank of Australia; J. B. Brigden, Economic Counselor, Australian Legation, Washington; Leonard John Dooling.

Belgium—Governor of the Bank, Franz de Voghel, Minister of Finance; Governor of the Fund, Camille Gutt, Minister of State; Alternate Governor of the Bank and the Fund, Maurice Frere, Governor of the National Bank of Belgium; Advisers, Baron Herve de Gruben, Director General of Political Section, Ministry of Foreign Affairs; Hubert Ansiaux, Director of the National Bank of Belgium, Baron Rene Boel; Secretary of the Delegation, Robert Rolin Jaquemyns.

Bolivia—Governor of the Fund and the Bank, Franklin Antezana Paz, General Manager of the Central Bank.

Brazil—Governor of the Fund and the Bank, Francisco Alves dos Santos-Filho, Director of Foreign Exchange of the Bank of Brazil; Alternate Governor of the Fund and the Bank, Edgard de Mello, Commercial Counselor, Brazilian Embassy, Washington; Secretaries of the Delegation, Carlos Augusto Alves dos Santos, James J. Thackara.

Canada—Governor of the Fund and the Bank, James L. Ilsley, Minister of Finance; Alternate Governor of the Fund, Graham F. Towers, Governor of the Bank of Canada; Alternate Governor of the Bank, W. Clifford Clark, Deputy Minister of Finance; other officials, Luis Rasminsky, Alternate Chairman, Canadian Foreign Exchange Control Board; A. E. Rotchie, Second Secretary, Canadian Embassy, Washington.

Chile—Governor of the Fund and the Bank, Arturo Maschke, General Manager of the Central Bank of Chile; advisers, Angel Faivovich, Member of the Chamber of Deputies; Chairman of the Financial Committee of the Chamber of Deputies, Mario Illanes, Commercial Counselor, Chilean Embassy, Washington.

China—Governor of the Fund and the Bank, O. K. Yui, Minister of Finance; Alternate Governor of the Fund, Hsi Te-Mou, Representative of the Ministry of Finance in Washington, Director, the Central Bank of China and Bank of China; Alternate Governor of the Bank, Ts-Liang Soong, General Manager, Manufacturers Bank of China, Director, the Central Bank of China, Bank of China and Bank of Communications; Technical Advisers, Y. C. Wang, Deson Sze, Yu-Chung Hsi, Yih Loh.

Colombia—Governor of the Fund, Emilio Toro, Columbian Representative, Inter-American Coffee Board, Washington and New York; Observers for the Bank, Emilio Toro, Colombian Representative, Inter-American Coffee Board, Washington and New York; Secretary, Gabriel Betancourt, Commercial Attache, Colombian Embassy, Washington.

Costa Rica—Governor of the Fund and the Bank, Julio Pena Morua, President of the National Bank; Alternate Governor of the Fund and the Bank, Angel Coronos Guardia; Secretary of the Delegation, Arturo Morales Flores.

Cuba—Observer, Joaquin E. Meyer, Minister Counselor, Cuban Embassy, Washington.

Czechoslovakia—Governor of the Fund, Jan Viktor Mldek, Assistant Secretary, Ministry of Finance, Member, Governing Board of the National Bank of Czeschoslovakia; Governor of the Bank, Alois Kral, Professor of Economics, Executive Director, National Bank of Czechoslovakia; Alternate Governor of the Fund, Julius Pzeman, Professor of Economics; Alternate Governor of the Bank, Joseph Han, Envoy Extraordinary and Minister Plenipotentiary; Secretary of the Delegation, Ernest Sturc, Deputy Director of the Czechslovak Information Service, New York.

Denmark — Observers, Carl Valdemar Bramsnaes, Governor of the National Bank of Denmark; Chairman of the Delegation, Einar Dige, Assistant Secretary of the Treasury; Erling Sveinbjornsson, Chief of Division, Ministry of Commerce; Count B. Ahlefeldt-Laurvig, Financial Counselor, Danish Legation, Washington.

Dominican Republic—Governor of the Fund and the Bank, Jesus Maria Troncoso, Governor of the Bank of Reserves; Alternate Governor of the Fund and the Bank, Jose Calzada, Under Secretary of Labor and National Economy.

Ecuador—Governor of the Fund and the Bank, Esteban F. Carbo, former Financial Counselor, Ecuadorian Embassy, Washington.

Egypt—Governor of the Fund and the Bank, Ahmed Zaki Bey Saad, Under Secretary of State, Ministry of Finance; Alternate Governor of the Bank, Mahmo Saleh El-Falaki, Controller General of Central Administration and Treasury, Ministry of Finance; Alternate Governor of the Fund, Ahmed Selim, Controller General of Economic and Financial Affairs, Ministry of Finance.

El Salvador — Observer, Hector David Castro, Ambassador to the United States.

Ethiopia—Governor of the Fund and the Bank, George A. Blowers, Governor of the State Bank of Ethiopia.

France—Governor of the Bank, Andre Philip, Minister of Finance; Governor of the Fund and Alternate Governor of the Bank, Pierre Mendes-France, former Minister of National Economy; Alternate Governor of the Fund, Emanuel Monick, Governor, Bank of France; Technical Advisers and Experts, Christian Valensi, Financial Attache, French Embassy, Washington; Mr. Le Norcy Gerges Boris, Director at the Ministry of National Economy; Jacques de Bresson, official of the Treasury, Inspector of Finance; Jean de Largentaye, official of the Ministry of Finance, Inspector of Finance; Assistants to the Delegation, Jean Back, Andre Nespoulous.

Greece—Governor of the Fund and the Bank, Xenophon Zolotas, Professor of Economics, University of Athens; former co-Governor of the Bank of Greece; Member of the Supreme Economic Council of Greece; Alternate Governor of the Fund and the Bank, Alexander Loverdos, Head of the Greek Office of Economic Research, New York; Adviser, Andrew Kirkilitsis, Official of the Bank of Greece; Director of the Ministry of Supply.

Guatemala—Governor of the Fund and the Bank, Manuel Noriega Morales, Minister of National Economy; Alternate Governor of the Fund and the Bank, Leonidas Acevedo, Secretary of the Treasury; Adviser, Francisco Linares Aranda, Secretary, Guatemalan Embassy, Washington.

Honduras—Governor of the Fund and the Bank, Julian R. Caceres, Ambassador to the United States; Alternate Governor of the Fund and the Bank, Jorge Fidel Duron.

Iceland—Governors of the Fund and the Bank, Asgeir Asgeirsson, Bank Director; Magnus Sigurdsson, Bank Director; Alternate Governor of the Fund and the Bank, Thor Thors, Minister to the United States.

India—Governor of the Fund and the Bank, Sir Chintaman Deshmukh, Governor of the Reserve Bank of India; Alternate Governor of the Fund and the Bank, Sir A. Ramaswami Mudaliar, Representative of India on ECOSOC; Adviser, Henry Douglas Cayley, Officer of the Reserve Bank of India; Executive Director of the Fund, Jagannath Vishwanath Joshi, Officer of the Reserve Bank of India.

Iran — Delegate, Abol Hassan Ebtehaj; Governor of the Bank, Melli Iran; Alternate Delegate, Dr. Taghi Nassr, Assistant Secretary, Ministry of Finance, former President Agricultural and Industrial Bank of Iran; former Director of the Iranian Trade and Economic Commission, New York..

Iraq—Governor of the Fund and the Bank, Ali Jawdat, Minister to the United States; Alternate Governor of the Fund and the Bank, A. M. Gailani, Third Secretary, Iraq Legation, Washington; Adviser, Adnan Pachachi, Attache, Iraq Legation, Washington.

Liberia—(Information concerning observers not available.)

Luxembourg—Governor of the Fund and the Bank, Pierre Dupong, Minister of Finance; Alternate Governor of the Fund and the Bank, Hugues Le Gallais, Minister to the United States.

Mexico—Governor of the Fund and the Bank, Antonio Espinosa de los Monteros, Ambassador to the United States; Alternate Governor of the Fund and the Bank, Luciano Wiechers, Financial Counselor, Mexican Embassy, Washington; adviser, Francisco R. Saenz, Attache, Mexican Embassy, Washington.

Netherlands—Governor of the Fund and the Bank, P. Lieftinck, Minister of Finance; Alternate Governor of the Fund and the Bank, A. M. De Jong, Director of the Netherlands Bank; advisers, G. W. J. Bruins, Netherlands Government Delegate to De Nederlandsche Bank N. V.; J. W. Beyen, Financial Adviser to the Netherlands Government; D. Crena De Iongh, Financial adviser of the Netherlands Indies Government; H. Riemens, Financial Attache, Netherlands Embassy, Washington; L. R. W. Soutendyk, Special Assistant to the Minister of Finance; Secretary of the Delegation, A. Broches, Netherlands Economic and Financial Mission, Washington.

New Zealand—Observers, Edward C. Fussell, Deputy Governor of the Reserve Bank of New Zealand; B. R. Turner, Second Secretary, New Zealand Legation, Washington.

Nicaragua—Observer, Guillermo Sevilla Sacasa, Ambassador to the United States.

Norway—Governor the Fund and the Bank, Gunnar Jahn, Chairman of the Board of Directors of the Bank of Norway; Alternate Governor of the Fund and the Bank, Ole Colbjornsen, Financial Counselor, Norwegian Embassy, Washington; Advisers, Hallvard Hillestad, of the Bank of Norway Representative in New York; Gabriel Kielland, Bank of Norway; Johan Wulfsberg, Bank of Norway.

Panama—Observer, Juan Jose Vallarino, Ambassador to the United States.

Paraguay—Governor of the Fund and Bank, Harmodio Gonzalez, General Manager, Bank of Paraguay; Alternate Governor of the Fund and the Bank, Ruben Benitez, Manager, Monetary Department, Bank of Paraguay.

Peru—Governor of the Fund, Francisco Tudela, President of Central Reserve Bank of Peru; Governor of the Bank, Carlos Montero Bernales, former Minister of Finance; Alternate Governor of the Fund, Emilio Barretto, Adviser, Central Reserve Bank of Peru; Alternate Governor of the Bank, Moller, Economist; Jose Barreda, Technical, to the Minister of Finance.

Philippine Commonwealth—Governor of the Fund, Jaime Hernandez, Secretary of Finance; Governor of the Bank, Jose S. Reyes, Chairman, Board of Directors of the Philippine National Bank, Manila; Alternate Governor of the Fund, Carlos P. Romulo, Resident Commissioner of the Philippines to the United States; Alternate Governor of the Bank, Joseph H. Foley, Manager, New York Agency of the Philippine National Bank.

Poland—Governor of the Fund, Edward Drozeniak, Governor of the National Bank of Poland, Chairman of the Delegation; Governor of the Bank, Waclaw Konderski, Deputy Director of the Money Movement Department of the Ministry of Finance; Alternate Governor of the Fund and the Bank, Janusz Zoltowski, Minister Plenipotentiary, Polish Embassy, Washington; Advisers, Leon Baranski, Director General of the Bank of Poland; Zygmunt Karpinski, Director of the Bank of Poland; Josef Swidrowski, Chief of the Foreign Division of the National Bank of Poland.

Union of South Africa—Governor of the Fund and the Bank, Jan Hendrik Hofmeyr, Minister of Finance; Alternate Governor of the Fund and the Bank, M. H. De Kock, Governor of the South African Reserve Bank; Adviser, W. C. Naud'e, First Secretary, South African Legation, Washington.

Union of Soviet Socialist Republics—Observer, F. P. Bystrov, Professor, Doctor of Economic Science, Adviser of the Government Purchasing Commission of the USSR in the United States; Assistant of Observer, D. L. Dolotov, Senior Economist of the Government Purchasing Commission of the USSR in the United States; Secretary, I. G. Klementjev; Interpreter, A. D. Bodrova; Technical Secretary, P. U. Akulin.

United Kingdom—Governor, Fund and Bank, Lord Keynes; Alternate Governor, Fund and Bank, R. H. Brand; Advisers, E. Rowe-Dutton, Assistant Secretary of the Treasury; George Bolton, Bank of England; R. Bridge, Bank of England; Paul Bareau, United Kingdom Treasury Delegation in Washington.

United States of America—Governor of the Fund and the Bank, Fred M. Vinson, Secretary of the Treasury; Alternate Governor of the Fund and the Bank, William L. Clayton, Assistant Secretary of State; Executive Director of the Fund, Harry D. White, Assistant Secretary of the Treasury; Executive Director of the Bank, Emilio G. Collado, Deputy on Financial Affairs to the Assistant Secretary for Economic Affairs, Department of State; Special Congressional Advisers, Robert F. Wagner, U. S. Senate, Chairman, Committeee on Banking and Currency; Charles W. Tobey, U. S. Senate, Member, Committee on Banking and Currency; Brent Spence, House of Representatives, Chairman, Committee on Banking and Currency; Jesse P. Wolcott, House of Representatives, Member, Committee on Banking and Currency; Members of the National Advisory Council, Henry A. Wallace, Secretary of Commerce; Marriner S. Eccles, Chairman, Board of Governors of the Federal Reserve System; William McChesney Martin, Jr., Chairman, Board of Directors, Export-Import Bank; Secretary of the Delegation, Frank Coe, Director, Division of Monetary Research, Treasury Department; Technical Advisers, Edward M. Bernstein, Assistant Director, Division of Monetary Research, Treasury Department; Walter Gardner, Chief, International Section, Division of Research and Statistics, Board of Governors of the Federal Reserve System; J. Burke Knapp, Special Assistant to the Chairman on International Finance, Board of Governors of the Federal Reserve System; Walter C. Louchheim, Jr., Adviser on Foreign Investments, Securities and Exchange Commission; George F. Luthringer, Chief, Division of Financial Affairs, Department of State; Ansel F. Luxford, Assistant to the Secretary of the Treasury; August Maffry, Economic Adviser, Export-Import Bank; James L. McCamy, Director, Office of World Trade Policy, Office of International Trade, Department of Commerce; Herbert W. Parisius, Deputy Director, Office of World Trade Policy, Office of International Trade, Department of Commerce; Arthur Paul, Assistant to the Secretary of Commerce; John W. Pehle, Assistant to the Secretary of the Treasury; John Parke Young, Adviser, Office of Financial and Development Policy, Department of State; Press Relations Officers, J. H. Randolph Feltus, Assistant to the Secretary of the Treasury; Charles P. Shaeffer, Director of Public Relations, Treasury Department; Private Secretary to the Governor, Mrs. Margaret McHugh; Administrative Assistants, Mrs. Jacquelyn Hooker; William Lynch, alternate; Mrs. Linda Shanahan.

Uruguay—Governor of the Fund and the Bank, Hugo Garcia, Financial Attache, Uruguayan Embassy, Washington.

Venezuela—Oberservers, Pedro Ignacio Aguerrevere, Financial Counselor, Venezuelan Embassy, Washington; Francisco Alvarez-Chacin, Secretary, Venezuelan Embassy, Washington.

Yugoslavia—Governor the Fund and the Bank, Lavoslav Dolinsek, Vice-Governor, National Bank of Yugoslavia; Alternate Governor of the Fund and the Bank, Ivan Randic; Adviser, Dragoslav Avarmovic, Secretary, National Bank of Yugoslavia; Secretary, Miss Kordija Milosevitch.

Cooperation of 'Big Five' Essential

(Continued from page 1346)

ther by the four major powers represented at Dumbarton Oaks. The general plan and the basic principles of the organization were determined there as the outside maximum of agreement that might be expected at this time, especially on the part of the more powerful nations. Thereafter, 50 nations agreed at San Francisco upon its main features, formulated its charter and accepted it unanimously as the beginning of what ultimately would be developed into a great, solid world structure of peace able to defy any and all forces or influences calculated to weaken or undermine it. No one has suggested any other mutually acceptable plan that was as good, much less better.

But no one ever expected the United Nations to perform a miracle. As I said after the San Francisco Conference, the charter which sets its course is a human instrument, not a perfect one. For this very reason, the ultimate success of the organization depends upon a spirit of cooperation among nations which, in turn, rests fundamentally upon the attitude of each of the individual nations in the world community. There can be no place in that community for a suspicious and mistrusting attitude. Such a national frame of mind will inevitably breed international discontent.

If any nation—including our own—would merit the cooperation and trust of other nations, it must prove its good faith by offering them its cooperation and trust. Thus alone can a man aid in creating peace and good will among men. Thus alone can a nation aid in creating peace and good will among nations.

Especially is this true of the relations among the major powers. The structure of the organization gives special recognition to this fact. Only through continued cooperation among the United States, Great Britain, the Soviet Union, China and France can there be evolved that essential understanding and unity of action so necessary if the peace is to be kept, by armed force if necessary. Unspeakable disaster would result through failure on the part of each and all of these nations to recognize their common interests and to harmonize their action in support of those interests. No international machinery as such can produce that essential harmony and unity. It can only provide the procedures which will facilitate its attainment.

The United Nations is now fully embarked upon its all-important task. It is but natural that it should meet with trials and tribulations from time to time, especially as it gets under way. All friends of peace and humanity should therefore exert themselves to the utmost to support the organization, particularly over the present most critical stage of its growth.

There is in the world today a spirit of impatience, which is a natural outgrowth of war fatigue. This spirit must be overcome by willingness of all to examine with sympathy and patience the views of others, to ascertain the true facts, to avoid the assumption of adamant positions, and to refrain from exaggerating and over-emphasizing one's own claims and from making an appeal to prejudice. The United Nations is the natural center wherein this spirit of understanding can be given most fruitful expression, through frequent friendly conferences among the top officials of nations and through the type of action made possible by the provisions of its charter. Its success requires that such conferences and such action be grounded on the broad patriotism of world peace and human progress. It requires also that there be an informed, alert, organized public opinion in all countries, especially in all those countries where the people have a voice in Government. Time and patience and mutual respect are necessary to hold the nations fast to this course and this objective.

Our nation, and every nation, must bring to the international effort to achieve and maintain enduring peace an abiding faith in the ultimate goodness and greatness of men, in the ideals of freedom and liberty, and in a world order under law with justice and equality for all nations and all men. With that faith expressed in action, the United Nations can serve the human race as it has never been served before. I am confident that all member nations alike will make their contribution to this end.

As the organization moves forward it is freighted with the most precious of all human interests—the hopes and aspirations of every intelligent human being for security and peace. We who are living now must not allow the human race to commit suicide through lack of vision or through selfishness, impatience or provocation.

Carlton Thomas Resumes

(Special to THE FINANCIAL CHRONICLE)

GRASS VALLEY, CALIF. — Carlton G. Thomas has resumed his investment business from offices at 114 Mohawk Street. Mr. Thomas has been serving in the U. S. Army.

Dealer-Broker Investment Recommendations and Literature

(Continued from page 1353)

Bost, Inc.—detailed circular on interesting low-priced speculation—Hardy & Hardy, 11 Broadway, New York 4, N. Y.

Chicago North Shore & Milwaukee Railroad—Details on the reorganization plan and earnings—Brailsford & Co., 208 South La Salle Street.

Consolidated Gas Utilities and **The Chicago Corp.**—Circulars—Hicks & Price, 231 South La Salle Street, Chicago 4, Ill.

Also available is a recent memorandum on **The Muter Co.**

Dayton Malleable Iron Co.—Study of outlook and speculative possibilities for appreciation for this company—Ward & Co., 120 Broadway, New York 5, N. Y. Also available are late memoranda on: **Great American Industries; Alabama Mills, Inc.; Douglas Shoe; General Tin; Upson Co.; New Jersey Worsted Mills; Mohawk Rubber.**

W. L. Douglas Shoe Company—Memorandum on summary of current situation and outlook—Daniel F. Rice & Co., 14 Wall Street, New York 5, N. Y.

C. H. Dutton—detailed analysis—Moreland & Co., Penobscot Building, Detroit 26, Mich.

Eastern Corp.—Memorandum—Buckley Bros., 1529 Walnut Street, Philadelphia 2, Pa. Also available are memoranda on **Wellman Engineering.**

Electromaster Inc. — Recent report — **Mercier, McDowell & Dolphyn,** Buhl Building, Detroit 26, Mich.

Also available a report on **Sheller Manufacturing Corp.**

Federal Water & Gas Corporation—memorandum—J. G. White & Company, Inc., 37 Wall Street, New York 5, N. Y.

Franklin County Coal—Analysis of condition and post-war prospects—F. H. Koller & Co., Inc., 111 Broadway, New York 6, N. Y.

Fresnillo Co.—circular on an important lead and silver mine producing company — Troster, Currie & Summers, 74 Trinity Place, New York 6, N. Y.

Galvin Co.—Descriptive Circular—Seligman, Lubetkin & Co., 41 Broad Street, New York 4, N. Y.

Also detailed circulars on **Upson Co.; Tennessee Products; Wellman Engineering Co.; Kendall Co.**

General Public Utilities Corporation — Memorandum — Abraham & Co., 120 Broadway, New York 5, N. Y.

Getchell Mine, Inc.—Brief memorandum—L. H. Rothchild & Co., 52 Wall Street, New York 5, N. Y.

Hammond Instrument Co. — Analysis—Caswell & Co., 120 So. La Salle Street, Chicago 3, Ill.

Le Roi Company — Study of common stock as a sound speculative purchase — First Colony Corporation, 70 Pine Street, New York 5, N. Y.

Also available is a study of **York Corrugating.**

Lehigh Valley Coal Corporation—Memorandum on interesting exchange offer for preferred stock combined with chance of substantial capital appreciation and attractive dividend return—Stern & Co., 120 Broadway, New York 5, N. Y.

Magor Car—Descriptive analysis—Blair F. Claybaugh & Co., 72 Wall Street, New York 5, N. Y.

Also available are analyses of **Gear Grinding Machine, Kearney & Trecker,** and **Skilsaw.**

Maryland Casualty Co. — Analysis of interesting situation — Sills, Minton & Co., Inc., 209 South La Salle Street, Chicago 4, Ill.

Maryland Casualty Co.—analysis of 1945 Annual Report—Cruttenden & Co., 209 South La Salle Street, Chicago 4, Ill.

Merchants Distilling Corp.—recent analysis—Faroll & Co., 208 South La Salle Street, Chicago 4, Illinois.

Also available is an analysis of **Standard Silica Corp.**

Midland Realization common and **Midland Utilities** common—revised bulletin—Doyle, O'Connor & Co., 135 South La Salle Street, Chicago 3, Ill.

Midland Utilities and **Midland Realization** — detailed study—write for circular M-3—Fred W. Fairman & Co., 208 South La Salle Street, Chicago 4, Ill.

Miller Manufacturing Co.—Analysis of current situation and prospects for 1946—Comstock & Co., 231 South La Salle Street, Chicago 4, Ill.

Motorola—descriptive circular—Seligman, Lubetkin & Co., 41 Broad Street, New York 4, N. Y.

National Tool Company—Circular on interesting low-priced speculation—Price, McNeal & Co., 165 Broadway, New York 6, N. Y.

New England Lime Company—Descriptive circular — Dayton Haigney & Co., 75 Federal Street, Boston 10, Mass.

Oregon Portland Cement—Bulletin on recent developments — **Lerner & Co.,** 10 Post Office Square, Boston 9 Mass.

Oxford Paper Company—Current bulletin—Strauss Bros., 32 Broadway, New York 4, N. Y.

Also available is a memorandum on **Rockwood & Company** and **Lawrence Portland Cement Company.**

Panama Coca Cola—Circular on interesting possibilities — Hoit, Rose & Troster, 74 Trinity Place, New York 6, N. Y.

Plomb Tool Company—Special report—Maxwell, Marshall & Co., 647 South Spring Street, Los Angeles 14, Calif.

Public National Bank & Trust Co.—Analysis, for dealers only—**C. E. Unterberg & Co.,** 61 Broadway, New York 6, N. Y.

Also for dealers only is an analysis of **National Radiator Co.**

Republic Aviation Corporation—Special analysis in current aviation bulletin—John H. Lewis & Co., 14 Wall Street, New York 5, N. Y.

Schenley Distillers Corporation—Brochure of articles they have been running in the Chronicle—write to Mark Merit, in care of **Schenley Distillers Corporation** 350 Fifth Avenue, New York 1, N. Y.

Scranton Spring Brook Water Co.—Analysis—Ira Haupt & Co., 111 Broadway, New York City.

Soya Corporation—late memorandum—Peter Morgan & Co., 31 Nassau Street, New York 5, N. Y.

Sunshine Consolidated Inc.—Memorandum for brokers and dealers—W. T. Bonn & Co., 120 Broadway, New York 5, N. Y.

Textiles, Incorporated — Memorandum on current situation—William S. Baren Co., 42 Broadway, New York 4, N. Y.

F. C. Moffatt Again Heads N. Y. Curb Securities Clearing

Fred C. Moffatt has been reappointed President of the New York Curb Exchange Securities Clearing Corporation for the ensuing year, it was announced following a regular meeting of the board of directors of the corporation. One of the principal organizers of the corporation in 1931, Mr. Moffatt has held the presidency since that time except for a four year period during which he served as President of the New York Curb Exchange. Also reappointed for another year were David U. Page, Vice-President; James A. Corcoran, Second Vice-President; Wm. B. Steinhardt, Secretary and Treasurer; and C. E. Sheridan, Assistant Secretary. Bertram R. Lowenfels was appointed Assistant Treasurer at the meeting.

Fred C. Moffatt

Mr. Moffatt will continue to serve for another year as Chairman of the Executive Committee, other continuing members of which include Mr. Page, Mr. Corcoran and Mr. Steinhardt. Mr. Lowenfels was named a new member of this committee.

The meeting of directors followed the annual meeting of stockholders at which Robert A. Kugler was elected a Director to serve until 1949. Mr. Lowenfels and Mr. Steinhardt were re-elected Directors to service until 1949.

Forum Meeting on Functions of Accounting Systems

A forum meeting on "The Functions of Accounting Systems" will be held by the Brooklyn Chapter of the National Association of Cost Accountants at the Central Branch of the YMCA, 55 Hanson Place, Brooklyn N. Y., on Wednesday, March 20, 1946, at 6:30 p.m.

George Kattenhorn, Vice-President of the Brooklyn Chapter, will be the leader for the forum and the guest discussion leaders will be A. K. Whitehead, of Price Waterhouse & Co., a certified public accountant of New York, and M. R. Odermatt, Controller of the Mundet Cork Corp. of Brooklyn. Mr. Whitehead is a managing accountant with Price Waterhouse & Co. and is a member of the New York State Society of Certified Public Accountants, American Institute of Accountants and a director of the New York Chapter of the NACA. Mr. Odermatt is a certified public accountant of Illinois and prior to his present affiliation was an auditor for Montgomery Ward & Co. He is a member of the American Institute of Accountants, the Controller's Institute of America and also a director of the New York Chapter of the NACA.

Prior to the forum meeting there will be the annual boxing exhibition by the Brooklyn Navy Yard Boys' Club under the direction of William Donaldson.

Full Speed Ahead With Railroads

(Continued from page 1349)

thousands of others throughout the nation.

Now with military demands on our transportation agencies rapidly decreasing and more facilities reverting to civilian service, the pendulum swings sharply forward. With the railroads, forming as they do the very spine of our commercial transportation structure, it will be "full speed ahead" on a peacetime basis never before known.

It is natural that Detroit should analyze the prospects from the automobile output angle. Yet, in addition to being one of the world's greatest industrial centers, you have other assets to consider. You are a thriving wholesale and retail outlet—you are one of the principal channels for trade with Canada—you enjoy the constant patronage of millions of vacationists. Justly, with your combination of land traffic plus the water-borne movement through your Detroit River, you are named the "Dardanelles of the New World."

In all this, as in our national economy, the railroads have a distinct and essential mission.

Passenger Railroad Field

May I, therefore, limit my remarks principally to the field I am most familiar with—the passenger railroad field.

There are in operation in the United States today, exclusive of baggage, express and mail cars, 30,425 passenger train cars. Of these, only 7% have been delivered since the streamline era started in 1933. More than half of them have been plying the rails at least 25 years, or longer.

The country's rolling stock has been decreased by just about one-third since 1926. In the long period from Pearl Harbor until only a few months ago our large passenger carbuilding plants were used almost 100% for the manufacture of war material. What passenger cars were produced were troop sleepers and a few others for strictly military purposes.

Thousands of new passenger cars, as well as freight cars, must be built to enable our railroads to catch up on their needs. While the first postwar passenger car produced by any carbuilder since early in '42 was delivered by Pullman-Standard right here in Detroit only two weeks ago, one factor may delay the appearance of such newer types of cars on the rails in sizable numbers. That is the continued shortage of raw materials and essential supplies caused by strikes and work stoppages in the plants of our suppliers.

In all our plants we have been encountering serious difficulties in getting parts on schedule. This has been particularly true in our requirements from the steel, lumber, aluminum, air-conditioning, air-brake, roller bearing, upholstered furniture and glass industries.

Transportation Expansion

When war broke out in '41, transportation service available to the traveling public shaped up about as follows: routes covered by intercity buses about the country extended 331,000 miles; those of the Class I railroads, 232,000 miles, and those of the domestic airlines, 48,000 miles.

That was in '41—Now what do we find?

Take the airlines. Against their prewar total of 48,000 miles, their proposed network of main-line domestic routes only is estimated at almost 792,000 miles with new and additionally projected feeder lines being proposed almost daily. Of this gigantic expansion, the greater part is planned for passenger service.

Buses present another angle. While less has been divulged of what extensions in routes or service they hope to introduce, it can be taken for granted that they, too, will seek to extend their passenger appeal in every way possible.

Only the railroads, limited to great degree by their existing rights-of-way, are restricted in planning for more extensive routes.

The railroads intend to meet the challenge. Recent estimates by the railways of the country show that in the three years just starting they plan improvements involving $1 billion, 636 million in new capital expenditures, with the total rather evenly divided between road and equipment property.

Some observers may get a distorted picture of what the prospects are for rail passenger traffic in these postwar years because of the almost fabulous predications being broadcast regarding aviation. Yet rapid strides in one branch of transportation do not necessarily mean a decline in business for another. As Detroiters, you know what happened in the automobile world in the '30s. From 1933 to 1941, while passenger automobiles were increasing by 43%, passenger travel on the railroads rose 80%. This was the same prewar period when passenger mileage on the airlines was mounting from about 200 millions to 1,370 millions.

Rails Bear Lion's Share

Look at it any way you will, the railroads in the future, as in the past, will bear the lion's share of the traffic. Five years after the war the railroads will still be chalking up 1½ times as many passenger miles as the airlines and bus lines combined. The railroads hold proved advantages beyond the reach of their competition and they mean to capitalize on them.

Among these advantages are admitted superiority in safety, unquestioned dependability in good weather and bad, the variety and luxury they offer in accommodations at moderate prices. In addition, there are the opportunities for relaxation and recreation, the advantage of traveling during sleeping hours and the fact that one may even carry on certain kinds of work, while journeying by train.

To strengthen the railroads in their competitive situation is and always has been Pullman-Standard's main objective. The first lightweight streamline train delivered to an American railroad, the "City of Salina," built for the Union Pacific, was a product of our shops.

Of all the lightweight passenger cars constructed by commercial car builders since 1933, almost three-fourths have come from Pullman-Standard's production lines. In the freight field, more than a third of the cars now in service were built in our shops.

Pullman-Standard didn't wait for the end of the war to think about new types of cars it will deliver this year. Before a single blueprint was started, we conducted a nation-wide survey to ascertain how the railroads and their customers were thinking.

From this study came the strong conviction that by use of comfortable, attractive, fast, modern equipment, merchandised at low price, any extensive challenge from other forms of transportation can be reasonably and successfully met.

An Anglo-American Petroleum Agreement

(Continued from page 1346)

Usurpations of Federal Commissions

Neither of these safeguards have been included in most of the acts of Congress, providing for regulation of business, since 1933. Coupled with these two important changes in the policy of the Congress, has been a noticeable tendency on the part of practically all the boards and commissions to expand their authority far beyond what even the Congress had intended.

As a result, for the last fifteen years, we have had what is known as administrative laws, by bureaucratic decree touching every branch of American enterprise. No man knoweth how to proceed in his own business affairs. There are no landmarks, either by interpretation of courts or by the practices of administrative bodies by which he can be guided. Orders are frequently made without either hearings or notice and are changed almost overnight on matters of vital importance affecting many businesses. Business, labor and agriculture has been hamstrung by the confusion of different federal bureaus, handling the same subject and off times at cross purposes.

The steady encroachment of that kind of government on business freedom and efficiency, throws the burden of proof, that we are not following in the same foot prints, on the advocates of the Anglo-American Oil Agreement, now submitted to the Senate of the United States for ratification.

The Agreement

In that Agreement, we find the same loose wording — the same ambiguity—the same vagueness in determining the rights and obligations of the contracting parties —that has characterized so much of our federal legislation in recent years. Also we must take into consideration the tremendous reach of the treaty-making power. Therefore, in no conceivable circumstances should a treaty contemplating the gigantic objectives of this Agreement, contain arbitrary authority under conditions, or terms ambiguously or vaguely defined.

A careful study of this proposed Agreement will leave anyone uncertain as to the obligations assumed by the United States Government.

Like so much of the legislation which has characterized the growth and development of administrative law in America in the last thirteen years, this Agreement appears to be somewhat innocuous, but concealed in its terms are provisions which, interpreted as the regulatory measures of the New Deal have been interpreted, contain a grave threat of placing control of the oil industry in the United States in an international commission.

The preliminary agreement now before the Senate for ratification contemplates a second convention, among all the nations of the earth, through which the oil resources of the world are pooled and the obligations and rights of every nation, whether producing oil or consuming it and the derivatives thereof, would be determined by the edicts of the International Commission.

Therefore, the American Petroleum Industry is faced with a situation, in view of the broad provisions of our Federal Constitution with reference to treaties with foreign countries, where it can have no idea of conditions, in addition to the ordinary vicissitudes of business, with which it must cope in the future.

Treaties become the supreme law of the land and strike down state rights or private rights in conflict with them.

Proposed Multilateral Agreement

The point I make is that in pursuance of the preliminary agreement now pending before the Senate for ratification, a multilateral International Petroleum Agreement, to be entered into between all producing and consuming nations, is to be consummated at an early date. That can only mean that an International Petroleum Commission will take complete supervision of the American Petroleum Industry and neither the Interstate Compact Commission nor the conservation acts of any states, could be invoked against international edicts. We will see in a moment that these can easily include fixing the price of every gallon of gas used by the American consumer.

Take the two subdivisions of Article I., as an example of the indefinite character of the language employed in drafting the instrument. Subdivision (a) of Article I., provides:

"That adequate supplies of petroleum, which shall in this Agreement mean crude petroleum and its derivatives, **should** be accessible in international trade to the nationals of all countries on a **competitive** and **non-discriminatory** basis."

It is said by advocates of the Anglo-American Agreement that it is necessary, among other reasons, to protect the interests of Americans in British territories—and to secure for Americans access to other signatory countries—to explore petroleum resources on a **"competitive"** and **"non-discriminatory** basis." Yet all nations may produce oil freely in our country.

Wants an "Open Door" Policy

I believe our great country is powerful enough to obtain equitable treatment for its citizens by vigorous insistence on our traditional "open door" policy. I believe we should have that question settled before we make any financial loan or gift to any country.

Furthermore, this is the third attempt to line us up with the British in the highly explosive area of the Near East. In that seething area we must give serious consideration as to where that would lead us.

Of course, the Social and economic Council of the United Nations Organization already has power to initiate procedures by which our foreign investments in backward or other countries could be approved by the UNO as well as by the countries in which such investments are to be made, and if and when so approved could be guaranteed protection by the UNO upon such terms as that body might prescribe.

But let's go back to the loose wording of subdivision (a) of Article I. "That adequate supplies of petroleum, which shall in this Agreement mean crude petroleum and its derivatives, **should** be accessible in international trade to the nationals of all countries on a **competitive** and **non-discriminatory** basis."

"Should" can be construed as implying a duty. "Duty" is always construed as implying an obligation. On the other hand the word **"should"** can be discretionary and not mandatory.

Therefore, if this clause is necessary to protect American interests abroad, **"should"** ought to read **"shall,"** so that there is no vestige of doubt as to what is intended.

I assume that the word **"competitive"** was employed to insure each producing nation a part of the market in each consuming nation, but I am at a loss to gather the meaning of the term **"non-discriminatory** basis." Does that term imply only availability of supplies among all the consumer nations, or does it include the price factor as well? Every word in a document of this kind either has a meaning or will be given one, in the future, by the International Petroleum Council. Therefore, I suggest for your consideration the thought that a consumer nation will not be content with an adequate supply of petroleum. But the question of price will necessarily be raised. It is entirely conceivable that if the end, contemplated by this document, is to be attained, the multilateral International Agreement will include price fixing in its terms.

No Safeguard to Price Fixing

That may be far away from the minds of the men who signed, and advocate the ratification of this Agreement. The cold fact is that they have not safeguarded it from such an interpretation.

Subdivision (b) of Article I., reads:

"That, in making supplies of petroleum thus accessible in international trade, the interests of producing countries should be safeguarded with a view to their economic advancement."

What does this mean? Here again we have the use of **"should"** —doubtful in the meaning. Is it intended to protect the nations of so-called backward countries in a fair price for their products, or does this clause involve the general economic advancement or welfare of the particular producing nation?

Articles III., IV., V., and VI., set up the machinery through which a temporary International Petroleum Commission, representing the signatory powers only, shall be created. An International Petroleum Conference to be participated in by both producing and consuming nations is set up. It was evidently the hope of the signatory powers, that an International Petroleum Agreement, embracing all or at least the most important nations would come into being. The powers imposed upon the temporary International Petroleum Commission are not especially burdensome, and are cause for concern only when one looks to the consummation of the International Petroleum Agreement. That means, if it means anything, placing American producers and the American petroleum industry under the control of the contemplated International Petroleum Council.

Coming now to Article II., no objection may be made to subdivision (a), which simply protects the vested rights of the nationals of the signatory powers.

Then we encounter vagueness when we look into subdivision (b), which reads:

"That with regard to the acquisition of exploration and development rights the principle of **equal opportunity** shall be respected;"

While primarily this clause involves only the signatory powers, it clearly contemplates the insertion of a similar clause in the final international agreement. When so construed, what power, other than the International Petroleum Council, shall determine the meaning of the principle of **equal opportunity** in acquiring new rights, and by what standard will the concept "the principle of **equal opportunity"** be determined?

Subdivision (c) really represents the guts of the Agreement. It provides:

"That the exploration for and development of petroleum resources, the construction and operation of refineries and other facilities, and the distribution of petroleum, shall not be hampered by restrictions inconsistent with the purposes of this Agreement."

Proposes an All-Embracing Authority

Here, it is that every facility of the world-wide petroleum industry specifically is brought within the provisions of the Agreement. When it is stated that such control is not to be hampered by restrictions inconsistent with the purposes of the Agreement—when we remember that the basic purpose of the Agreement is to pool and allocate the world's supply of petroleum—the far-reaching character of the instrument becomes alarming. Plainly, we are setting up another bureau, which according to bureaucratic custom, will assume its authority as all embracing.

At a glance, Subdivision (a) of Article VII., would seem to protect the domestic petroleum industry of each of the signatory powers. It reads:

"That the general purpose of this Agreement is to facilitate the orderly development of the international trade, and that no provision of this Agreement, with the **exception** of Article II., is to be construed as applying to the operation of the domestic petroleum industry within the country of either Government."

What does the word **"Domestic"** mean? We used to think of domestic affairs as **state** affairs beyond the reach of the federal government and as being protected by our traditional conception of state rights. But within the last thirteen years we have seen the definition of interstate commerce expanded until almost every step we take in private and business life is regulated and controlled by the federal government as being a part of interstate commerce. Now the power of the federal government to regulate **interstate** commerce and **foreign** commerce is granted by the **same** clause and sentence of the Constitution of the United States. A similar construction under any oil treaty that might be entered into would be the supreme law of the land.

Furthermore, the exception, specified in Article VII. just noted, deprives this particular clause of its entire meaning. Because of its tremendous importance, it is worth reading again subdivision (c) of Article II.:

"That the exploration for and the development of petroleum resources, the construction and operation of refineries and other facilities, and the distribution of petroleum, shall not be hampered by restrictions inconsistent with the purposes of this Agreement."

Domestic Oil Industry Not Protected

Remembering always that if the Agreement becomes a treaty, it shall be the supreme law of the land that the purposes are eventually to pool the oil supplies of the world—for the benefit of all countries admitted to the cartel—involving the possibility, at least, of price fixing, the so-called saving clause of Article VII., which seems to protect the domestic petroleum industry, possesses no value whatever.

The British foreign secretary said in a report to the British Parliament ten days ago, "I would be quite willing if the Soviet would join Britain and America in an international oil agreement which would solve this conflict for oil as between great allies."

There is no thinking man who does not desire to bring about international cooperation. We must bear in mind in solving this problem of the **sharing** the oil resources of the world between the haves and the have-nots that first is the need for oil and secondly the price.

Oil No Source of Strife

The argument that possession of oil is a source of strife loses its force in the fact of the technological advance that has been made in the manufacture of synthetics.

But granting that the orderly development of the oil resources of the world and their availability to all nations is an important factor in international relations, I submit that in order to have any possible chance of success in solving the question of the division of oil resources between the have and have-nots, there must be a clear exposition of the exact terms under which the nations must live to accept international cooperation.

Secrecy and weasel words are the great weakness of our foreign policy today. The full implication of many grave and burdensome obligations in the international field have been concealed in their preliminary stages from the American people by those in charge of our international affairs.

Therefore, whatever we do on this proposed Anglo-American Petroleum Agreement, we must realize what it means to us. As submitted to the Congress, it is like a tricky insurance policy. Its heart is subdivision (c) of Article II. If we want to delegate the power to fix the price of gasoline for the Kansas farmer to an International Petroleum Commission, let's know what we are doing and how we are doing it.

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Reluctantly Recommends Continuation of OPA

(Continued from page 1349)

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The Chairman further stated that as anxious as was the Committee to see business freed from galling restraints as speedily as possible, their study had convinced them that the disease of inflation is still worse than the preventatives; that they had therefore felt it proper to recommend modification rather than elimination of existing price controls. "The unforeseen and unfortunate wave of strikes," Mr. Colmer continued, "has been a very important factor in slowing down our reconversion program, but it is our earnest hope that these labor-management disputes may soon be settled so that most of these controls can be removed long before the termination of the act.

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"Even so," the Chairman stated, "the Committee is of the opinion that the administration of these controls, and particularly the OPA, can be greatly improved. Therefore, while recognizing the impossibility of attempting to legislate in detail for every industry and product, we are of the opinion that the Price Control Act should be amended and have tied our recommendations for continuation for a period of one year to the following proposed amendments:

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(a) the principle of requiring that specified commodities or groups of commodities be released from price control upon satisfaction of acute demands;

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The report of the Special Committee reflected frank concern over the price inequities and product distortions found to be occurring under some of OPA'S present rules. It did not charge OPA with complete responsibility for these undesirable results, pointing out that the existence of acute shortages of materials in a strong seller's market for finished goods would itself lead to abnormalities. Feeling that these have been unnecessarily exaggerated, however, by OPA's policies, the Committee made the above recommendations which in its judgment would minimize existing inequities, stimulate production, insure the removal of controls immediately upon substantial lessening of the threat of serious inflation, and improve the production and distribution of essential low-cost products.

Recommended Fiscal Measures

The Committee's report also recommended the adoption of the following "important fiscal measures":

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2. Curtailment of Federal expenditures.
3. Balancing of the budget in the fiscal year 1947 and in the following year creating a surplus to be applied against retirement of the public debt.
4. Continuance of control over consumer credit.
5. Legislation enabling the Federal Reserve authorities to increase substantially reserve requirements against commercial banks' demand and time deposits.
6. Request the cooperation of State and local governments in limiting current expenditures for public works.

The Colmer Committee likewise recommended extension of the Second War Powers Act to expire coterminously with the Price Control Act on June 30, 1947. The reasons given for this recommendation lie in three separate problem areas, (1) the need for interlocking CPA and OPA actions in furthering the production of essential low-end goods, (2) persistence of world shortages requiring the use of allocation powers to insure American supplies and minimize international friction, and (3) the importance of maintaining inventory controls while the danger of large-scale speculation in this field remains serious.

"Our proposals are aimed at making price controls more equitable rather than at wholesale relaxation in a still dangerous period," explained Chairman Colmer. "We feel that standards considerably more liberal than those employed by OPA would still be consistent with its obligation to hold inflationary price movements in check. We have therefore driven at what we feel to be vulnerable spots in the present standards rather than at the general structure of price control."

Overall Earnings Standard Not Reasonable

"The OPA's present standard of equity is that if an industry earns as big a percentage return on investment as it did in 1936-39, it is not entitled to relief. That standard is no longer reasonable. We have suggested that it be liberalized," Mr. Colmer stated, "by substituting as a base the average of the three best years of the period 1936-40. In particular we were concerned about the people who might encounter temporary difficulties in moving from a war to a peace basis, and whose plight would be merely concealed by the use of trade-wide tests of fairness that were tight to begin with."

"The Committee also came to feel," the Chairman continued, "that much of the business resentment against OPA could be traced to inadequate allowances for individual products in a generally profitable business. OPA has always given some protection to such products but only in special cases has it allowed for actual costs, requiring the goods in effect to be made and sold at a loss. As a result, many products wanted by the public are not now made at all. The Congress would be assuming a serious responsibility if it ordered OPA to allow a profit on any products that any industry wanted to make. Business does not run that way even in normal times and presumably could do so now only because in its great need for goods the public has little bargaining power and competition cannot perform its usual function. Nevertheless, the Committee does not wish prices to be any more of an obstacle to the production of individual products than can be helped, and therefore has suggested that full recovery of costs be permitted on any individual product regardless of the overall operations of the industry. In the case of badly needed low-cost and low margin staples, it went further, recommending an allowance of not only full costs but reasonable profit as well. The situation is actually very complicated, and no simple rule can be contrived that will stimulate production at just the right points and still be free of inflationary dangers. The Committee therefore approved the current actions of CPA in continuing to direct a flow of materials to so-called low-end products and in ordering their production where the public interest urgently requires it."

"We sought earnestly," the Congressman said, "for a method of eliminating control that would be built around positive and understandable goals rather than be left to so rigid a test as 'an equivalence of supply and demand.' It is therefore suggested that clear and attainable goals be set up by the Director of OWMR for each major industry—after consultation with the industry—such as the achievement and maintenance of a designated rate of production, with due safeguards against inventory accumulation. Under this procedure managements would be given an incentive to increase their output while business generally would be reassured that price control was not to be fastened on it indefinitely."

"We feel," the Chairman explained, "that in many instances controls could undoubtedly be abandoned immediately, and others after completion of the proposed study. The objective must always be to remove controls as soon as possible."

In addition to Chairman Colmer the Committee is composed of the following, many of whom are ranking members of important House Committees: Cooper (D-Tenn.), Walter (D-Pa.), Zimmerman (D-Mo.), Voorhis (D-Calif.), Murdock (D-Ariz.), Lynch (D-N. Y.), O'Brien (D-Ill.), Fogarty (D-R. I.), Worley (D-Tex.), Gifford (R-Mass.), Reece (R-Tenn.), Welch (R-Calif.), Wolverton (R-N. J.), Hope (R-Kan.), Wolcott (R-Mich.), Lefevre (R-N. Y.), and Simpson (R-Ill.). It was assisted in its studies and preparation of the report by its staff director, Marion B. Folsom, and its special consultants, Edwin B. George and Robert J. Landry.

Keep High Standards In Securities Markets

(Continued from page 1356)

earnings, assets or prospects. To the extent that the public is buying such stocks on its own initiative, no reasonable person can or will blame Wall Street for the subsequent losses. To the extent that dealers like ourselves are retailing such securities, whether the profit margin be an eighth or a full 5%, trouble is in store for us.

Of one thing we may be sure. Any efforts of ours to maintain the highest standards of business conduct will be enthusiastically seconded by the regulatory authorities. It sometimes seems to some of us that at times the enthusiasm is excessive. None of us can do other than applaud when shady operators on the fringe of the industry find themselves debarred from further misdealing. In taking steps to debar such operators, nevertheless it seems unnecessary to send us all running to consult counsel on the effect of *obiter dicta* which on their face severely limit our time-honored right to act as merchants, performing a legitimate merchandising function at a legitimate profit.

Other new and strange doctrines are suggested from time to time out of what seems to be inordinate zeal to protect the public interest. As dealers in securities and as merchants both wholesale and retail we all recognize our obligation and our true interest in being the servants of our customers. We cannot properly be considered the guardians of our customers, whether in spelling out the size of our profits or in setting up burdensome and unnecessary safeguards for temporarily idle cash.

If at times we have some matters of this kind to debate with our good friends in Philadelphia, we can be reassured by the knowledge that both the regulated and the regulators now have the advantage of more than ten years experience of the regulatory process. Both parties have a better understanding of each other's problems than they had a few years ago. The officers and governors of the N. Y. Security Dealers Association in particular have always found courtesy and consideration in discussing our problems with members of the Commission and its staff. We have likewise maintained cordial relations with our friends of NASD, of the New York Stock Exchange and the New York Curb. Certainly it is in the public interest no less than in our own interest that this cooperation among different segments of the industry should be maintained and strengthened.

Any regulation of our industry that is genuinely in the public interest is also in our own interest. Under such regulation, with a spirit of cooperation in the industry, with increased public recognition of the vitally important role we play in American economic life, we can look forward with confidence to continued prosperity as our country prospers.

No "One World" Without "One America"

(Continued from page 1356)

reaching the tragic state it reached in France during the late '30s. Communist and radical infiltration within minority groups in France broke the power of decision of the French Government. Radical-led minorities gained a balance of power and the final result was the complete debacle of France. The same thing can happen here, he warned.

"Once we gain the mastery of our own house," he declared, "we can go to the world with clean hands, offering only peace and decency, backed by our great strength and unity. The reaction, the disillusionment against the Soviet Union in the world and Communist-led labor groups here at home, is growing so rapidly that we are in danger of losing our heads *against* Russia, the same as we lost our heads *for* Russia during the war days. The Soviet Union is hard headed and realistic. She will not stop her world expansion until she sees clearly that it will pay her to stop it. And she will never see that clearly until we show her a strong unity of purpose."

In speaking of the grabbing of power in certain powerful unions by small radical and Communist groups, Mr. Hunt said: "Union leadership is one thing when it merely has to do with questions of labor at home, with wages and working conditions, and even with local political issues. But it is quite another thing when it injects itself into foreign policies and world problems. When it does that, it endangers the very life and future of our country. When radical-led labor groups, with their threats at election reprisals, intimidate and bully our Congress and Administration leaders in the making of their foreign policies, then it is time something was done about it.

"Labor must clean its own stables; it must push out its un-American, vicious leaders. While millions of patriotic Americans were fighting on the battlefronts of the world, the pillars of our national life were being eaten away by subversive un-American traitors here at home who wormed their way by fair means and foul into many union groups. Let decent American laboring men throw them out now while there is still time."

Morgan & Co. Admits S. J. Small as Partner

(Special to The Financial Chronicle)

LOS ANGELES, CALIF.—Emerson L. Morgan, member of the Los Angeles Stock Exchange, has admitted S. J. Small, Jr. to partnership in Morgan & Co., 634 South Spring Street. Mr. Small has been associated with the firm for some time as manager of the investment department.

Randall W. Harper Opens in Gr. Rapids

(Special to The Financial Chronicle)

GRAND RAPIDS, MICH.—Randall W. Harper has opened offices in the Grand Rapids National Bank Building to engage in the securities business. Mr. Harper has recently been with the War Production Board. In the past he was Grand Rapids manager for Straus Securities Co.

An Anglo-American Petroleum Agreement

(Continued from page 1346)

Usurpations of Federal Commissions

Neither of these safeguards have been included in most of the acts of Congress, providing for regulation of business, since 1933. Coupled with these two important changes in the policy of the Congress, has been a noticeable tendency on the part of practically all the boards and commissions to expand their authority far beyond what even the Congress had intended.

As a result, for the last fifteen years, we have had what is known as administrative laws, by bureaucratic decree touching every branch of American enterprise. No man knoweth how to proceed in his own business affairs. There are no landmarks, either by interpretation of courts or by the practices of administrative bodies by which he can be guided. Orders are frequently made without either hearings or notice and are changed almost overnight on matters of vital importance affecting many businesses. Business, labor and agriculture has been hamstrung by the confusion of different federal bureaus, handling the same subject and off times at cross purposes.

The steady encroachment of that kind of government on business freedom and efficiency, throws the burden of proof, that we are not following in the same foot prints, on the advocates of the Anglo-American Oil Agreement, now submitted to the Senate of the United States for ratification.

The Agreement

In that Agreement, we find the same loose wording — the same ambiguity—the same vagueness in determining the rights and obligations of the contracting parties —that has characterized so much of our federal legislation in recent years. Also we must take into consideration the tremendous reach of the treaty-making power. Therefore, in no conceivable circumstances should a treaty contemplating the gigantic objectives of this Agreement, contain arbitrary authority under conditions, or terms ambiguously or vaguely defined.

A careful study of this proposed Agreement will leave anyone uncertain as to the obligations assumed by the United States Government.

Like so much of the legislation which has characterized the growth and development of administrative law in America in the last thirteen years, this Agreement appears to be somewhat innocuous, but concealed in its terms are provisions which, interpreted as the regulatory measures of the New Deal have been interpreted, contain a grave threat of placing control of the oil industry in the United States in an international commission.

The preliminary agreement now before the Senate for ratification contemplates a second convention, among all the nations of the earth, through which the oil resources of the world are pooled and the obligations and rights of every nation, whether producing oil or consuming it and the derivatives thereof, would be determined by the edicts of the International Commission.

Therefore, the American Petroleum Industry is faced with a situation, in view of the broad provisions of our Federal Constitution with reference to treaties with foreign countries, where it can have no idea of conditions, in addition to the ordinary vicissitudes of business, with which it must cope in the future.

Treaties become the supreme law of the land and strike down state rights or private rights in conflict with them.

Proposed Multilateral Agreement

The point I make is that in pursuance of the preliminary agreement now pending before the Senate for ratification, a multilateral International Petroleum Agreement, to be entered into between all producing and consuming nations, is to be consummated at an early date. That can only mean that an International Petroleum Commission will take complete supervision of the American Petroleum Industry and neither the Interstate Compact Commission nor the conservation acts of any states, could be invoked against international edicts. We will see in a moment that these can easily include fixing the price of every gallon of gas used by the American consumer.

Take the two subdivisions of Article I., as an example of the indefinite character of the language employed in drafting the instrument. Subdivision (a) of Article I., provides:

"That adequate supplies of petroleum, which shall in this Agreement mean crude petroleum and its derivatives, **should** be accessible in international trade to the nationals of all countries on a **competitive** and **non-discriminatory** basis."

It is said by advocates of the Anglo-American Agreement that it is necessary, among other reasons, to protect the interests of Americans in British territories—and to secure for Americans access to other signatory countries—to explore petroleum resources on a **"competitive"** and **"non-discriminatory** basis." Yet all nations may produce oil freely in our country.

Wants an "Open Door" Policy

I believe our great country is powerful enough to obtain equitable treatment for its citizens by vigorous insistence on our traditional "open door" policy. I believe we should have that question settled before we make any financial loan or gift to any country.

Furthermore, this is the third attempt to line us up with the British in the highly explosive area of the Near East. In that seething area we must give serious consideration as to where that would lead us.

Of course, the Social and economic Council of the United Nations Organization already has power to initiate procedures by which our foreign investments in backward or other countries could be approved by the UNO as well as by the countries in which such investments are to be made, and if and when so approved could be guaranteed protection by the UNO upon such terms as that body might prescribe.

But let's go back to the loose wording of subdivision (a) of Article I. "That adequate supplies of petroleum, which shall in this Agreement mean crude petroleum and its derivatives, **should** be accessible in international trade to the nationals of all countries on a **competitive** and **non-discriminatory** basis."

"Should" can be construed as implying a duty. "Duty" is always construed as implying an obligation. On the other hand the word **"should"** can be discretionary and not mandatory.

Therefore, if this clause is necessary to protect American interests abroad, **"should"** ought to read **"shall,"** so that there is no vestige of doubt as to what is intended.

I assume that the word **"competitive"** was employed to insure each producing nation a part of the market in each consuming nation, but I am at a loss to gather the meaning of the term **"non-discriminatory** basis." Does that term imply only availability of supplies among all the consumer nations, or does it include the price factor as well? Every word in a document of this kind either has a meaning or will be given one, in the future, by the International Petroleum Council. Therefore, I suggest for your consideration the thought that a consumer nation will not be content with an adequate supply of petroleum. But the question of price will necessarily be raised. It is entirely conceivable that if the end, contemplated by this document, is to be attained, the multilateral International Agreement will include price fixing in its terms.

No Safeguard to Price Fixing

That may be far away from the minds of the men who signed, and advocate the ratification of this Agreement. The cold fact is that they have not safeguarded it from such an interpretation.

Subdivision (b) of Article I., reads:

"That, in making supplies of petroleum thus accessible in international trade, the interests of producing countries should be safeguarded with a view to their economic advancement."

What does this mean? Here again we have the use of **"should"** —doubtful in the meaning. Is it intended to protect the nations of so-called backward countries in a fair price for their products, or does this clause involve the general economic advancement or welfare of the particular producing nation?

Articles III., IV., V., and VI., set up the machinery through which a temporary International Petroleum Commission, representing the signatory powers only, shall be created. An International Petroleum Conference to be participated in by both producing and consuming nations is set up. It was evidently the hope of the signatory powers, that an International Petroleum Agreement, embracing all or at least the most important nations would come into being. The powers imposed upon the temporary International Petroleum Commission are not especially burdensome, and are cause for concern only when one looks to the consummation of the International Petroleum Agreement. That means, if it means anything, placing American producers and the American petroleum industry under the control of the contemplated International Petroleum Council.

Coming now to Article II., no objection may be made to subdivision (a), which simply protects the vested rights of the nationals of the signatory powers.

Then we encounter vagueness when we look into subdivision (b), which reads:

"That with regard to the acquisition of exploration and development rights the principle of **equal opportunity** shall be respected;"

While primarily this clause involves only the signatory powers, it clearly contemplates the insertion of a similar clause in the final international agreement. When so construed, what power, other than the International Petroleum Council, shall determine the meaning of the principle of **equal opportunity** in acquiring new rights, and by what standard will the concept "the principle of **equal opportunity"** be determined?

Subdivision (c) really represents the guts of the Agreement. It provides:

"That the exploration for and development of petroleum resources, the construction and operation of refineries and other facilities, and the distribution of petroleum, shall not be hampered by restrictions inconsistent with the purposes of this Agreement."

Proposes an All-Embracing Authority

Here, it is that every facility of the world-wide petroleum industry specifically is brought within the provisions of the Agreement. When it is stated that such control is not to be hampered by restrictions inconsistent with the purposes of the Agreement—when we remember that the basic purpose of the Agreement is to pool and allocate the world's supply of petroleum—the far-reaching character of the instrument becomes alarming. Plainly, we are setting up another bureau, which according to bureaucratic custom, will assume its authority as all embracing.

At a glance, Subdivision (a) of Article VII., would seem to protect the domestic petroleum industry of each of the signatory powers. It reads:

"That the general purpose of this Agreement is to facilitate the orderly development of the international trade, and that no provision of this Agreement, with the **exception** of Article II., is to be construed as applying to the operation of the domestic petroleum industry within the country of either Government."

What does the word **"Domestic"** mean? We used to think of domestic affairs as **state** affairs beyond the reach of the federal government and as being protected by our traditional conception of state rights. But within the last thirteen years we have seen the definition of interstate commerce expanded until almost every step we take in private and business life is regulated and controlled by the federal government as being a part of interstate commerce. Now the power of the federal government to regulate **interstate** commerce and **foreign** commerce is granted by the **same** clause and sentence of the Constitution of the United States. A similar construction under any oil treaty that might be entered into would be the supreme law of the land.

Furthermore, the exception, specified in Article VII. just noted, deprives this particular clause of its entire meaning. Because of its tremendous importance, it is worth reading again subdivision (c) of Article II.:

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Domestic Oil Industry Not Protected

Remembering always that if the Agreement becomes a treaty, it shall be the supreme law of the land that the purposes are eventually to pool the oil supplies of the world—for the benefit of all countries admitted to the cartel—involving the possibility, at least, of price fixing, the so-called saving clause of Article VII., which seems to protect the domestic petroleum industry, possesses no value whatever.

The British foreign secretary said in a report to the British Parliament ten days ago, "I would be quite willing if the Soviet would join Britain and America in an international oil agreement which would solve this conflict for oil as between great allies."

There is no thinking man who does not desire to bring about international cooperation. We must bear in mind in solving this problem of the sharing the oil resources of the world between the haves and the have-nots that first is the need for oil and secondly the price.

Oil No Source of Strife

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But granting that the orderly development of the oil resources of the world and their availability to all nations is an important factor in international relations, I submit that in order to have any possible chance of success in solving the question of the division of oil resources between the have and have-nots, there must be a clear exposition of the exact terms under which the nations must live to accept international cooperation.

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(Continued from page 1349)

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4. Continuance of control over consumer credit.

5. Legislation enabling the Federal Reserve authorities to increase substantially reserve requirements against commercial banks' demand and time deposits.

6. Request the cooperation of State and local governments in limiting current expenditures for public works.

The Colmer Committee likewise recommended extension of the Second War Powers Act to expire coterminously with the Price Control Act on June 30, 1947. The reasons given for this recommendation lie in three separate problem areas, (1) the need for interlocking CPA and OPA actions in furthering the production of essential low-end goods, (2) persistence of world shortages requiring the use of allocation powers to insure American supplies and minimize international friction, and (3) the importance of maintaining inventory controls while the danger of large-scale speculation in this field remains serious.

"Our proposals are aimed at making price controls more equitable rather than at wholesale relaxation in a still dangerous period," explained Chairman Colmer. "We feel that standards considerably more liberal than those employed by OPA would still be consistent with its obligation to hold inflationary price movements in check. We have therefore driven at what we feel to be vulnerable spots in the present standards rather than at the general structure of price control."

Overall Earnings Standard Not Reasonable

"The OPA's present standard of equity is that if an industry earns as big a percentage return on investment as it did in 1936-39, it is not entitled to relief. That standard is no longer reasonable. We have suggested that it be liberalized," Mr. Colmer stated, "by substituting as a base the average of the three best years of the period 1936-40. In particular we were concerned about the people who might encounter temporary difficulties in moving from a war to a peace basis, and whose plight would be merely concealed by the use of trade-wide tests of fairness that were tight to begin with."

"The Committee also came to feel," the Chairman continued, "that much of the business resentment against OPA could be traced to inadequate allowances for individual products in a generally profitable business. OPA has always given some protection to such products but only in special cases has it allowed for actual costs, requiring the goods in effect to be made and sold at a loss. As a result, many products wanted by the public are not now made at all. The Congress would be assuming a serious responsibility if it ordered OPA to allow a profit on any products that any industry wanted to make. Business does not run that way even in normal times and presumably could do so now only because in its great need for goods the public has little bargaining power and competition cannot perform its usual function. Nevertheless, the Committee does not wish prices to be any more of an obstacle to the production of individual products than can be helped, and therefore has suggested that full recovery of costs be permitted on any individual product regardless of the overall operations of the industry. In the case of badly needed low-cost and low margin staples, it went further, recommending an allowance of not only full costs but reasonable profit as well. The situation is actually very complicated, and no simple rule can be contrived that will stimulate production at just the right points and still be free of inflationary dangers. The Committee therefore approved the current actions of CPA in continuing to direct a flow of materials to so-called low-end products and in ordering their production where the public interest urgently requires it."

"We sought earnestly," the Congressman said, "for a method of eliminating control that would be built around positive and understandable goals rather than be left to so rigid a test as 'an equivalence of supply and demand.' It is therefore suggested that clear and attainable goals be set up by the Director of OWMR for each major industry—after consultation with the industry—such as the achievement and maintenance of a designated rate of production, with due safeguards against inventory accumulation. Under this procedure managements would be given an incentive to increase their output while business generally would be reassured that price control was not to be fastened on it indefinitely."

"We feel," the Chairman explained, "that in many instances controls could undoubtedly be abandoned immediately, and others after completion of the proposed study. The objective must always be to remove controls as soon as possible."

In addition to Chairman Colmer the Committee is composed of the following, many of whom are ranking members of important House Committees: Cooper (D-Tenn.), Walter (D-Pa.), Zimmerman (D-Mo.), Voorhis (D-Calif.), Murdock (D-Ariz.), Lynch (D-N. Y.), O'Brien (D-Ill.), Fogarty (D-R. I.), Worley (D-Tex.), Gifford (R-Mass.), Reece (R-Tenn.), Welch (R-Calif.), Wolverton (R-N. J.), Hope (R-Kan.), Wolcott (R-Mich.), Lefevre (R-N. Y.), and Simpson (R-Ill.). It was assisted in its studies and preparation of the report by its staff director, Marion B. Folsom, and its special consultants, Edwin B. George and Robert J. Landry.

Keep High Standards In Securities Markets

(Continued from page 1356)

earnings, assets or prospects. To the extent that the public is buying such stocks on its own initiative, no reasonable person can or will blame Wall Street for the subsequent losses. To the extent that dealers like ourselves are retailing such securities, whether the profit margin be an eighth or a full 5%, trouble is in store for us.

Of one thing we may be sure. Any efforts of ours to maintain the highest standards of business conduct will be enthusiastically seconded by the regulatory authorities. It sometimes seems to some of us that at times the enthusiasm is excessive. None of us can do other than applaud when shady operators on the fringe of the industry find themselves debarred from further misdealing. In taking steps to debar such operators, nevertheless it seems unnecessary to send us all running to consult counsel on the effect of *obiter dicta* which on their face severely limit our time-honored right to act as merchants, performing a legitimate merchandising function at a legitimate profit.

Other new and strange doctrines are suggested from time to time out of what seems to be inordinate zeal to protect the public interest. As dealers in securities and as merchants both wholesale and retail we all recognize our obligation and our true interest in being the servants of our customers. We cannot properly be considered the guardians of our customers, whether in spelling out the size of our profits or in setting up burdensome and unnecessary safeguards for temporarily idle cash.

If at times we have some matters of this kind to debate with our good friends in Philadelphia, we can be reassured by the knowledge that both the regulated and the regulators now have the advantage of more than ten years experience of the regulatory process. Both parties have a better understanding of each other's problems than they had a few years ago. The officers and governors of the N. Y. Security Dealers Association in particular have always found courtesy and consideration in discussing our problems with members of the Commission and its staff. We have likewise maintained cordial relations with our friends of NASD, of the New York Stock Exchange and the New York Curb. Certainly it is in the public interest no less than in our own interest that this cooperation among different segments of the industry should be maintained and strengthened.

Any regulation of our industry that is genuinely in the public interest is also in our own interest. Under such regulation, with a spirit of cooperation in the industry, with increased public recognition of the vitally important role we play in American economic life, we can look forward with confidence to continued prosperity as our country prospers.

No "One World" Without "One America"

(Continued from page 1356)

reaching the tragic state it reached in France during the late '30s. Communist and radical infiltration within minority groups in France broke the power of decision of the French Government. Radical-led minorities gained a balance of power and the final result was the complete debacle of France. The same thing can happen here, he warned.

"Once we gain the mastery of our own house," he declared, "we can go to the world with clean hands, offering only peace and decency, backed by our great strength and unity. The reaction, the disillusionment against the Soviet Union in the world and Communist-led labor groups here at home, is growing so rapidly that we are in danger of losing our heads *against* Russia, the same as we lost our heads *for* Russia during the war days. The Soviet Union is hard headed and realistic. She will not stop her world expansion until she sees clearly that it will pay her to stop it. And she will never see that clearly until we show her a strong unity of purpose."

In speaking of the grabbing of power in certain powerful unions by small radical and Communist groups, Mr. Hunt said: "Union leadership is one thing when it merely has to do with questions of labor at home, with wages and working conditions, and even with local political issues. But it is quite another thing when it injects itself into foreign policies and world problems. When it does that, it endangers the very life and future of our country. When radical-led labor groups, with their threats at election reprisals, intimidate and bully our Congress and Administration leaders in the making of their foreign policies, then it is time something was done about it.

"Labor must clean its own stables; it must push out its un-American, vicious leaders. While millions of patriotic Americans were fighting on the battlefronts of the world, the pillars of our national life were being eaten away by subversive un-American traitors here at home who wormed their way by fair means and foul into many union groups. Let decent American laboring men throw them out now while there is still time."

Morgan & Co. Admits S. J. Small as Partner

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, CALIF.—Emerson L. Morgan, member of the Los Angeles Stock Exchange, has admitted S. J. Small, Jr. to partnership in Morgan & Co., 634 South Spring Street. Mr. Small has been associated with the firm for some time as manager of the investment department.

Randall W. Harper Opens in Gr. Rapids

(Special to THE FINANCIAL CHRONICLE)

GRAND RAPIDS, MICH.—Randall W. Harper has opened offices in the Grand Rapids National Bank Building to engage in the securities business. Mr. Harper has recently been with the War Production Board. In the past he was Grand Rapids manager for Straus Securities Co.

Remedies for Our Economic Ills

(Continued from page 1344)

part of our joint industry who is best equipped to discover and deal with the problems of public opinion, with the social trends of the times, and with the creation of that favorable economic climate without which this country and its people cannot prosper. The publisher can sell and he can market both products and ideals. But you and he belong to the same expanded industry and each of us is pretty helpless without the other.

I will even venture to say that all America and its 140 million people would be at least very seriously handicapped, if not helpless, if it were not for our joint industry.

Let us look at the record.

Our products, in one way or another, cement unity in America, supply vital information, stimulate morale, nurture education, provide relaxation and spread the truth everywhere.

This is a country with a great diversity of interests. People from every land, of every religion, of all political viewpoints, live in America. The conflict of interests, the sectionalism, the disunity that might exist without the free interchange of information through paper and its uses can hardly be imagined. The Roman Empire collapsed because there was no means of unifying the outlying districts with the capital. In America printed sheets have done that unifying job since Civil War days. There was no truly national press when the seeds were sown which produced our Civil War.

During the First World War, the important part played by the press in bringing national unity was characterized by a United States Senate Committeee in these words:

"To jeopardize the existence of the press is to imperil the life of the Government itself, so dependent is a democracy upon the prompt and widespread information of its people. Therefore whatver affects the publication of its newspapers and periodicals likewise affects the welfare of the Government, and the necessities of such publications become in fact public necessities."

Freedom of the press is one of the foundations upon which the institution of democracy rests. The press is constantly defending that freedom. The defense is through education based on information.

Then consider that the press performs additional valuable services to the nation because of the advertising it carries. While advertisers have been busy selling their products, they also have been creating demands which necessitated plant expansions, increased employment, developed skills, improved machinery and production methods, and stimulated invention. Advertising created the necessities which mothered the invention of mass production. Mass production was America's great weapon in the war.

Now let us look more specifically at the magazines.

Magazines

Magazines, because of their simultaneous national coverage, are the mucilage that helps our forty-eight states to stick together. Almost as one, through that influence, California and New York and all the country between think the same about ways of living, about national duties such as the purchase of War Bonds, the wartime control of inflation, and hundreds of other subjects. Whether it is a matter of industrial progress, or of political doctrine, or of how to live, national magazines provide understanding which is the first necessity of national unity. And this has been done in America by persuasion and evolution, never by compulsion or regimentation.

Here are some quick statistics concerning magazines which you may find interesting:

In 1929 total magazines sold in America were a little over 1¾ billion a year. Today the figure is well over 3 billion, and this in a period of manifestly enormous increase in such time-absorbing activities as radio, automobiles, motion pictures, etc. More education means more readers. So ponder that in 1920 there were about 48,000 college graduates while today there are over 200,000. In 1920 there were about 300,000 high school graduates. Today there are close to 1¼ million.

In this U.S.A. in 1929 there were 11,200,000 families with incomes over $2,000 a year. Today there are about 21,000,000 with such incomes. Why is that significant? Here is the answer in terms of the annual family expenditures for the magazines which we publish and for which you make the paper:

Families with incomes—	
$5,000 and over	$16.92
$2,000 to $3,000	4.45
Under $1,000	.53

Radio has been an effective competitor. What is its growth? Does that growth threaten our industry? Here are the highlight facts. From 1933 to 1943 magazine advertising increased 131 million dollars and during the same time radio billing increased 121 million. I'll let you answer the questions.

But I have been talking almost wholly of our expanded industry. Together we sell our products to others and no matter how good we are, we cannot be successful without the rest of America. What of the national opportunities that exist today? Here are some more brief statistics.

Accumulated Liquid Assets

The U. S. Treasury says that the American people have $181,000,000,000 in liquid assets at present—$63,000,000,000 in currency and checking accounts, $64,000,000,000 in war bonds and other Federal securities, and $54,000,000,000 in savings accounts. The farm mortgage debt is at the lowest level since 1916 and this with farmers having approximately $18,500,000,000 in savings as of Jan. 1, 1946.

Some 12 millions of people who had been reduced almost to the pauper class during the depression of the 30's have now become investors and capitalists in a small way. This means they have a stake in the country that they did not have before.

Government economists have estimated that the total deficiency of consumer durable goods amounts to approximately $43,000,000,000.

It is questionable whether even the greatly accelerated rate of production which we anticipate during the next two or three years can satisfy both this deferred demand and normal marketing expansion.

The most recent survey of the Office of Civilian Requirements shows a pent-up demand for 6,000,000 mechanical refrigerators, 6,000,000 washing machines, 5,000,000 radios, 5,000,000 electric irons, 4,500,000 vacuum cleaners, 3,500,000 sewing machines.

Probably 25,000,000 new automobiles are needed as soon as they can be built. The annual sales range is set at betweeen 6,000,000 and 6,500,000 units for several years.

The backlog of business in the building field may run from $50,000,000,000 to $75,000,000,000 with an annual volume of between $10,000,000,000 and $15,000,000,000 for at least a five-year period. Governmental agencies estimate that over 12,000,000 new homes will be necessary during the first postwar decade.

In the home field, there are thousands of new products undergoing manufacture or readying for manufacture and ranging from flexible plumbing fixtures through fluorescent lighting to water, fire and vermin-proof materials.

There are tremendous plans for expansion in the food field, particularly in the upgrading of nutrition and in improved food processing.

I hope that in this very sketchy outline I have demonstrated the importance of our need for each other in the days ahead. I hope I have satisfied you that the publisher is a good and valuable member of our joint team. I hope I have carried my point that we have responsibilities and opportunities far beyond the making of paper and the printing and selling of magazines. And I hope I have shown that the publisher has both the vitality and the ability to successfully meet changing conditions and energetic competition.

I have said that we have responsibilities and opportunities in the days ahead—that we must lead in the creation of a climate favorable to business activity. How shall we do this?

American Productive Efficiency

Suppose we take a look at prewar trends both up and down in the economic scale and see if they will guide us. For instance, do you know that the rate of increase in production per man-hour in manufacturing during the 20 years from 1921 to the start of the war in 1941 was about 100%? Remember, this reflects all increased efficiency—man and machine and management. Then do you know the increase in man earnings per hour during this same period was about 60%? If there be cynics among you who feel that perhaps these increases are offset by an increase in prices, let me tell you what happened to commodity prices during the same 20 years. Actually there was a reduction of approximately 12%.

Now let me step back to the year 1910, when the national income of this nation was $28 billions. By 1941 it had reached $90 billions and in 1944 it approached $160 billions. The growth of national income is important in our consideration, so is the growth in population, and so are a lot of other factors. But the most important thing in this connection is not these overall figures, but the growth in per capita buying power. This is important because it reduces most of the other factors to a common denominator and because willing buyers with money to spend are essential to expanding production. Per capita buying power from 1910 to 1941 rose 122%. The same figure adjusted for the cost of living shows that the increase is still 40% over cost of living for the period.

Let me show you this same situation from another angle. Here are the figures of industrial achievement in the American electric power industry:

Between 1919 and 1944 production per man-hour rose 135%.

Workers in power plants had their weekly wages doubled and their hours reduced from 47 to 40 a week.

In 1921 only nine million city families had electricity. By 1939 the number had grown to 23½ million and the price of current was cut in half.

Invested capital increased from $3 billion to $14 billion up to the start of the Second World War, indicating reasonable return and security to the investor.

These are comparisons with ourselves. Let me quote another statistic of international comparison. Figures have recently been secured showing that in a power plant in Soviet Russia it required 11 workers to produce 1,000 kilowatts. In a comparable American plant 1,000 kilowatts were produced with 1.3 workers.

Before the war we heard a lot about how efficient some of these foreign ideologies were when compared with our own "horse and buggy" economy. Here are a few realistic comparisons of the vaunted superiority of two outstanding regimented countries in 1938:

Take a simple pair of men's work shoes. In Germany it took 8 hours and 9 minutes of work to earn the money to purchase such shoes. In Italy it took 24 hours, 22 minutes. In poor "back number" America it took 3 hours, 26 minutes.

Take a man's work shirt. In Germany it took 9 hours, 50 minutes of work to earn the money to purchase this shirt; in Italy 17 hours, 5 minutes; while in the U. S. A. it took 1 hour, 28 minutes.

Take a woman's house dress. In Germany it took 7 hours, 8 minutes to make the money to purchase the dress and in Italy 21 hours, 30 minutes. An American purchased a better dress by working 1 hour, 28 minutes.

These are just a few examples. I could give you plenty of others.

Growth in National Income

Certain figures in connection with national income I think are significant as a measure of opportunity. For instance, in 1914 national income was $31 billions. That was the year in which the First World War started. By 1919 national income in this country had risen to $62 billions, or just double the 1914 figure. Now in 1939, which might roughly be considered for the Second World War about as 1914 was to the First, our national income was $68 billions. What is it going to be in the coming years? Let's look ahead to 1948 or 1949. Does it seem to you as though there is a possibility that the experience of 1914 to 1919 may be repeated with a somewhat longer cycle? Is it not at least possible that the national income of 1939 may double by 1948 and thus reach or pass the $136 billion figure? If you think this is a possibility, then remember that the size of the population will not have changed significantly between 1939 and 1948, that national income is after all merely the income of all of us added together, and if our individual businesses are to hold their position in the national picture and their place in the procession, it should be reflected by their position in these changing figures.

I would like to call your attention to a few other factors which have to do with America's historic production achievement. The first is that competent analyses indicate that about 90% of the fundamental cost of everything is essentially wages. The significance of this is that it emphasizes the importance of full employment.

Employment

If you agree that full employment is an index of prosperity, then I think the following figures will be interesting. What is full employment? During the highest peak of the drive to get everyone at work during the war, with the War Manpower Commission and every form of publicity driving for workers, there was never a time when there were not at least 900,000 persons out of work. These people were "between jobs" or represented temporary transfers or something of that nature. This is the so-called transitional or "frictional" unemployment which the economists talk about. The economists say this unemployment in prosperous times will be about 3% of the total labor force.

Now look at these facts. From 1900 to 1930 inclusive, the average unemployment in the United States was 2.6% of the people who work. In other words, we had 4/10% less than the expected frictional unemployment, and this 30 years was certainly a free enterprise period. Now what happened during the ten years from 1931 to 1941, when, to say the least, there was a high degree of Government effort to make or to regiment employment. During that decade there was only one year when the unemployment in this country was not 10% or more of the work force. Thirty years and ten years are both long enough periods to iron out the exceptions.

The trends I have just been quoting are optimistic. They are true, but in looking to our responsibilities and opportunities we also need to look on the other side and see where we made mistakes. There was a time starting in the middle twenties when we Americans became smug, self-satisified and lost the pioneer spirit. During the 30's we paid and paid for that economic error.

I think we are threatened today with no less serious economic and social errors. One of them is called OPA.

Let me show you a mistake we made during the 1920's and 30's. Price control did not worry us at that time. This demonstration has to do with errors in our concept of selling. But it shows how the violation of economic laws always catches up with us.

Cutting Selling Efforts

We all know that there is a tendency to cut selling effort when sales volume falls off or when sales are easy and selling expense superficially seems wasteful. At such times we often find the absurd conclusion that by less selling effort we can "save" money. It never works that way, my friends. We always end up by spending several times as much. When you pull the fire from under a boiler it always takes a lot more coal to get up steam again than if you had kept the fire burning all the time.

Here are some facts which show what happens when selling hesitates or stops. In the figures which follow I am listing the totals of national income by year and with them the part of this same income which came to those in the selling branches of our national life. These selling figures include every variety of sales and distribution cost except the actual cost of the goods themselves and the costs of transportation. Remember that when you consider "national income" you consider all forms of income. Similarly, remember that your expense is always someone else's income and vice versa. Hence, for the purposes of this tabulation, the term "Selling Expenditures" is equally the income of the sellers.

	National Income (Millions)	Selling Expenditures (Millions)
1921	$56,689	$21,761
1922	57,171	23,168
1923	65,662	26,492
1924	67,003	26,677
1925	70,051	27,648
1926	73,523	28,113
1927	73,966	27,619
1928	75,904	29,287
1929	79,498	30,297
Increase 1921-1929	23 Billion	9 Billion

Notice that from 1921 through 1929 selling effort increased almost every year and that national income also went up steadily. The increase in total sales items being about 9 billion and the increase in national income being about 23 billions.

	National Income (Millions)	Selling Expenditures (Millions)
1929	$79,498	$30,297
1930	72,398	26,263
1931	60,203	21,450
1932	46,708	15,996
1933	44,713	16,741
1934	51,560	19,348
1935	56,546	21,117
1936	65,282	23,986
1937	69,031	26,216
1938	62,762	24,825
1939	68,500	26,984
1940	75,000	29,304
1941	90,000	34,638

In 1930 we lost our selling courage, or we got too far out on a limb. Anyway, we cut selling by $4 billion in 1930 and the income of all of us promptly fell $7 bil-

lion. But, unfortunately, in 1930 we got a habit and the next year (1931) we cut another $5 billion out of selling. The income of all of promptly dropped $12 billion. In 1932 we cut selling $5 billion more and income dropped $13 billion. But note this, and I think it is significant. In 1933 we got our selling second wind, we lost some of our hysteria and we realized we had to go to work. So in that year we upped selling by some $3¼ of a billion. Income still dropped in 1933, but not so much, and in 1934 we really did a selling job. We increased selling by almost $3 billion and note—the income of all of us went up $7 billion. Note that the selling courage in 1933 preceded the income increase in 1934—that is important. From 1934 on, up to the start of the war in 1941, we increased sales effort pretty steadily and income also kept climbing.

From 1921 through 1929 selling effort went up $9 billion and the income of all of us went up $23 billion—about 2½ times sales expenditures. Then from 1929 to 1933 we cut sales effort down by $14 billion and income dropped $35 billion—a drop of about 2½ times the cut in sales. Then from 1933 to 1941 we increased selling by $18 billion and income went up $45 billions. Here again the increase in national income was about 2½ times the increase in selling effort.

I do not presume to say that the facts shown by these figures are the only influences in depression. There are many causes, but I do want to point out that a free and fast flowing stream, either natural or economic, keeps its banks clear, while a stagnant stream accumulates debris and filth. We made the mistake of slowing up on our expenditures for selling in the middle twenties because prosperity had made us slow-witted and stagnant. We suffered in the thirties. None of us want to go through that again.

The responsibility which we of the press and paper industry face at this time is the maintenance of a healthy economic climate which will foster, encourage and stimulate the business and social action so necessary to continuing national prosperity and happiness. We, perhaps more than any other group in America, can do this job by working together and by refusing to accept anything as impossible, no matter how difficult it may seem to be.

OPA Perpetuates a Wartime Necessity

There is much economic and social ignorance today and it is widespread in all walks of life. There are those who take advantage of this ignorance and become false leaders. They are dangerous to everyone. Some are sincere, but mistaken. Indeed they are most dangerous. The OPA leaders, for example, claim to guard us from inflation. They are attempting to perpetuate a wartime necessity into peacetime days. They are trying to succeed where 2,000 years of history shows innumerable similar attempts, but never even one success. There is only one peacetime way to control inflation, my friends. That is the logical time-proven way of stimulated production and free competition. If we keep on pouring the unsatisfied demands for things into a reservoir, the time will come when the dam will break and then look out for the flood.

It seems to me that our joint responsibility is clear. We together are the great disseminators of information and truth. If we properly do our job, we can help America guide its way through the rapids which today surround us.

There are many reasons to believe that there is a long peace ahead. We all hope that the attention of nations for many years will be directed more to economic and social advance than to preparation for war. The danger to us lies more in the realm of confused thinking and confused social organization than anywhere else.

Therein lies our responsibility and our opportunity. Both are very great. I wish you well in this our joint duty.

Hirsch Expands Offices

Hirsch & Co., members New York Stock Exchange, announces that the firm has taken additional space on the 7th floor of 25 Broad Street, New York City, for its Customers' Room and Research Department. Executive offices will remain on the 11th floor at the same address.

George E. Crary Is With Walston, Hoffman, Goodwin

(Special to THE FINANCIAL CHRONICLE)

OAKLAND, CALIF. — George E. Crary has become associated with Walston, Hoffman & Goodwin, Central Bank Building. He was formerly co-manager of the Oakland office of E. F. Hutton & Co. Prior thereto he was an officer of Bankamerica Company.

Mackenzie of Corn Exch. Assists in Legal Aid Drive

Edward B. Mackenzie, Vice-President in charge of the Foreign Department of the Corn Exchange Bank & Trust Co. of New York, has again accepted a position on the Men's Committee of the Legal Aid Society's annual appeal. The society is currently conducting a campaign for $168,000. Mr. Mackenzie, who has been associated with banking for 47 years, joined the Corn Exchange Bank & Trust Co. in 1925. Prior to that he was the Secretary of the Foreign Banking Corp. He is a member and a former President of the Bankers Association for Foreign Trade.

Mr. Mackenzie expressed his desire to help further the services being rendered by the Legal Aid Society to the many thousands of persons, regardless of race, creed, or color, who are unable to pay the fees of a private attorney. Last year the Society helped or represented in court 34,142 clients, approximately 25% of whom were servicemen or veterans and their families. During the month of January of this year, the Society received the greatest number of applicants in its 70-year history—approximately 3,000 persons applied for legal help. The Legal Aid Society is seeking the goal of $168,000 to insure that all people have equal representation before the law.

Tomorrow's Markets Walter Whyte Says—

By WALTER WHYTE

Market seems to be getting ready to go into dullness. Public frozen out; good buying making new appearance.

Nothing has happened since the previous column was written to change the immediate outlook. Last week it was said here that stocks bought on the break should be held until the averages got back to the 193-196 range. When, as and if that occurred it would be advisable to take half profits in the stocks recommended, keeping the other half until the clouds cleared.

At Saturday's close the averages had managed to get back to 194.70. Last night (Tuesday) they closed at 193.52. For the purposes of this column this is close enough. It means that profits acquired in the past two weeks, when stocks were bought at what amounted to the lows of the current cycle, should be accepted.

* * *

The reason for lightening positions by selling half is within the market itself. When the market broke two weeks ago I thought the reaction had carried too far. Subsequent action proved it. According to my calculations the rally would carry them back to 193-196. That, you also saw. But on the advance, particularly the advance of the last day or so, it didn't take any magnifying glass to see that the tempo had died down. Rally-volume and the gains became a little more labored.

* * *

Such action usually forecasts a change in direction, even it be only temporary. A change in direction doesn't mean a new break is on the horizon. A dull, draggy market, with activity practically nil, would also be considered a change. For basically there are three directions the market may take, up, down and sideways. Each one is important in itself because its behavior points to the next directional change. There are other signs within signs that help determine it, but these are too involved to be gone into here. But in this process of change there are movements within movements the good trader guards against. In the hurly-burly of a rally, particularly a rally after an initial break, they all go up—the pups as well as the blue chips. The canny trader takes advantage of such an advance to trim his lines and wait for the inevitable calm where sounder appraisal is possible.

* * *

It is interesting to observe that the public which is usually active at the top, or near the top of a rally, is out of the market during the dull periods. This is particularly true in today's markets. Today the speculative public is either too frightened by the recent break, or is locked in with long positions with no free equity to use for additional purchases. The public can get the cash alright, but the only time it tries to get it is when the market is advancing on volume. A dull draggy market doesn't encourage it.

What buying is going on now is what is usually referred to as "good" buying. That is good, insofar as it isn't panicked by headlines or exciting radio commentators. Whether this buying will continue remains to be seen. It isn't constant. It comes in spots and seldom chases stocks. It is not a "buy at the market" affair. It waits for offerings and quietly absorbs them.

* * *

Two weeks ago you were advised to buy certain stocks. These were Air Reduction, American Car and Foundry, American Locomotive, American Steel Foundry, Chrysler, Electric Auto-Lite, Bethlehem, U. S. Steel, U. S. Rubber and Superheater. I might have also included the airplane manufacturers and the movie stocks. But in the first flush of a rally after an initial sharp break, it is the leaders which usually make the biggest gains. The reason is the leaders which are sold the heaviest on the first break and recover the most on subsequent rallies. The public seldom sells its bad stocks on a break. It practically always sells the quality stuff first in the belief that they are avoiding losses and cashing in on profits. The reverse method is followed by the professional trader.

More next Thursday.

—Walter Whyte

[The views expressed in this article do not necessarily at any time coincide with those of the Chronicle. They are presented as those of the author only.]

Garrett & Zarn With Cruttenden & Company

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, CALIF. — Pierce R. Garrett and R. J. Zarn have become associated with Cruttenden & Co., 634 South Spring Street, members of the New York and Chicago Stock Exchanges. Mr. Garrett was manager of the trading department for Cavanaugh, Morgan & Co. in the past.

Arthur Dolan, Jr. With Blyth in San Francisco

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, CALIF. — Arthur J. Dolan, Jr. has become associated with Blyth & Co., Inc., Russ Building. In the past he was with F. M. Brown & Co. in the stock and investment trust departments.

Halsey, Stuart & Co. Wins Union Pacific Issue on Lowest Interest Cost Basis on Record

Bonds Offered to Public at 102.19

Halsey, Stuart & Co., Inc. headed a large group of investment bankers that won the award March 13 of $81,602,000 Union Pacific RR. 2½% Refunding Mortgage Bonds, Series C, due March 1, 1991, and immediately reoffered them at 102.19% and accrued interest, subject to Interstate Commerce Commission approval. The winning bid was 101.27. This is said to be the lowest interest cost basis ever recorded in the history of American railroads.

Proceeds of the sale of the bonds, together with other funds, will be used to redeem at 107% and accrued interest, the company's refunding mortgage bonds, Series B, due Oct. 1, 1990, of which there are $81,602,000, principal amount, outstanding.

Annual sinking fund payments for the bonds, to be made on or before June 1, starting with 1947, shall be the smaller of $430,000 or an amount equal to the net income after fixed charges of the company for the next preceding calendar year, determined in accordance with ICC regulations, less the sum of the sinking fund payments required to be made during the then current calendar year under provisions of indentures dated Oct. 1, 1944 and Feb. 1, 1946. Maximum payments of $547,500 and $235,000 respectively, are called for under such provisions.

The bonds will be redeemable at the company's option on any date as a whole or in part in amounts of not less than $5,000,000 (except for the sinking fund) at prices ranging from 105¼% if redeemed on or before March 1, 1954 to par after March 1, 1989.

Consolidated operating revenues for 1945 amounted to $491,877,872, compared with $506,590,966 for 1944 and $480,274,934 for 1943. Income available for fixed charges in 1945 amounted to $46,945,377, compared with $56,245,007 in 1944 and $59,470,005 in 1943. These figures include operations of the Union Pacific, Oregon Short Line Railroad Company, Oregon-Washington RR. and Navigation Company, Los Angeles & Salt Lake RR. Company and the St. Joseph & Grand Island Ry. Company.

NSDA Registration Amendments

(Continued from page 1347)

When the NASD certified to the SEC that these by-law amendments had been approved by the membership as required by its by-laws, the Commission set a hearing for the purpose of determining whether these by-laws were "in the public interest and for the protection of investors."

After this hearing, the Commission rendered its opinion without, however, entering an order thereon.

Claiming that they were aggrieved because the Commission had stymied their right for a rehearing, and the right of review, the petitioner security dealers first applied to the United States District Court for relief.

Upon the Commission claiming that this court was without jurisdiction, and against the Commission's opposition, the petitioners were permitted to withdraw from the District Court and they thereupon made their application for the same relief to the United States Circuit Court of Appeals for the Second Circuit.

The Decision That Doesn't Decide

The result is the wholly unsatisfactory, because altogether inadequate, determination "Motion denied."

Both sides agreed that the issue, whether there was a duty on the part of the SEC to enter an order, is novel.

Under these circumstances it seems to us that it should not have been treated in this summary fashion, but that the court should have rendered an opinion indicating the reasons for its action.

This situation is not without its comic relief.

Before the SEC there was an opinion without an order, whilst before the United States Circuit Court of Appeals there is an order without an opinion.

In both instances we find the result alike unsatisfactory, with this distinction, however, that the court was within its strict legal right not to render an opinion, whilst as we see it, the duty of the Commission to make an order is still moot.

We say "still moot" for the following reasons among others: (a) the Commission contended that the petitioners' application was not timely and the court's decision may be based on that ground; (b) the Commission raised some doubt as to the court's jurisdiction to entertain the application. It said that if any court had jurisdiction, the United States Circuit Court of Appeals was that court. However, it did not admit that there was jurisdiction in that court. Therefore, the term "motion denied" may imply that the court had no jurisdiction; (c) the Commission denied that its determination was an appealable one. This contention may be the foundation upon which the court's opinion rests; and (d) of course the Commission contended there was no duty on its part to enter an order, that its functions under the statute were passive and not active. This may be the issue that the court determined. However, if it did, the failure to render an opinion is most unfortunate because the whole matter is left in doubt.

On Being the Victim of Regimentation and Experiment

The Commission contends that the proper way to raise the issue concerning the validity of the by-law amendments in point is upon some disciplinary hearing involving the violation of these amendments.

To us this sounds ghoulish.

In such a proceeding the penalty of expulsion from the NASD and ultimately of the cancellation of one's registration as a dealer and broker may be involved.

If the contention of SEC is correct, then it is high time that this whole regulatory set-up be abolished.

NASD Activities a Menace to the Securities Industry

We have contended that the Maloney Act which gave birth to the NASD is unconstitutional.

The woes which have come to the securities industry because of this new attempt on the part of NASD to reach out for further power and regiment salesmen, traders, etc., are a product of, and made possible by, this Maloney Act.

The distorted point of view, the spirit of distrust, which characterizes dealings between this Association and its members, is pointedly expressed by a letter appearing elsewhere in this issue which is signed "An Outraged Member."

The fiction that the NASD is a voluntary association, and self-policing, is one of the most hilariously annoying humbugs we can think of.

It must be well known that if the monopoly provisions of the Maloney Act were removed, the NASD could not last.

Furthermore, the failure of the SEC to indicate—when the opportunity was afforded—what was its interplay of activities with the NASD on such important issues as the 5% spread and the recent by-law amendments, and the corresponding silence of the latter, indicates to us the utter subservience of the NASD to its master, the SEC.

This claim of subservience is not a new one and until the Commission and the Association engage in a program of full disclosure with respect to their inter-related activities, they will continue suspect.

IT IS HIGH TIME THE CONSTITUTIONALITY OF THE MALONEY ACT WAS PUT TO THE TEST.

"Can the United Nations Organization Succeed?"

(Contineud from page 1347)

world civilization, based upon law, justice and freedom rather than upon tyranny imposed upon its unwilling victims by brute force.

As an initial and practical step in accomplishing this purpose, official representatives of 51 nations met in San Francisco in April, 1945, to write the charter for a United Nations Organization, based in part upon principles previously agreed upon at Dumbarton Oaks by the Great Powers.

These delegates and their advisers represented what, on the surface, looked like an irreconcilable diversity of racial, religious, social, economic and political concepts and conditions. But they were inspired by, and found unity in, their common purpose to set up a world organization which, within the limitations of human wisdom and foresight, should insure permanent peace and security for all peoples.

After eight strenuous weeks of full, frank and sometimes heated discussion, complete unanimity was achieved and a comprehensive charter was adopted and signed by all the nations represented.

If there is intelligence and character enough left among the distracted peoples of the world to carry out its provisions and purposes, this charter will rank among the most hopeful and important documents in the history of civilization.

The London Session

The primary purpose of the London session of the United Nations, convened in January, and which last 37 days, was to set up and get under way the organization as provided for in the charter.

In his informative report upon this first session, in which he played so notable a part, Senator Vandenberg lists the following accomplishments:

1. Successful organization.
2. Creation of an International Atomic Energy Commission.
3. Backed UNRRA in its efforts against famine.
4. Offered new hope to dependent peoples.
5. Refused to sanction involuntary repatriation of war refugees.
6. Pledged to encourage a world wide free press.
7. Implemented the dynamic Article XIV of the charter under which the General Assembly can recommend peaceful adjustment of any situation, regardless of origin which it deems likely to impair the general welfare.

Agreement upon a budget of $21,500,000— to finance operating expenditures in 1946, and decision to locate the temporary and permanent headquarters of the United Nations in this country will insure the permanent interest of all our people.

What was done during the 37 fateful days of the first session of the United Nations was important. What was revealed of the spiritual stature of men and nations, and of the secret forces which determine their various ways of life, personal and material, was infinitely more important.

Already congenital prophets of evil are proclaiming that the charter is nothing more than the record of a pious dream; that it provides no workable means by which war can be prevented; that its declared objective of world peace and security, based upon fraternity and freedom are contrary to the nature of things and especially contrary to human nature and the objectives of power politics; that civilization must now resign itself to the self-annihilation which science has made not only possible, but inevitable.

Whether we elect to sit with those unbelievers upon the mourners bench, or to join the hallelujah chorus of faith and hope, we have got to face and find an answer for certain questions raised at the London session of the United Nations, and for the time being left unanswered.

Russia's Actions

First, what about Russia?

Second, what about the United States and Great Britain?

By military and political action in various parts of the world, and, equally, by the official statements of her government, Russia has made herself the supreme question mark of the future. Her actions and her words in the international field are all a matter of public record and stand naked and unashamed before the bar of world public judgment.

By armed force, Russia has invaded the sovereignty of Finland; she has absorbed the three Baltic states. She has taken almost half of Poland and dominates what is left of that unhappy country. She has assumed control of Czechoslovakia, Roumania, Hungary, Bulgaria and Yugoslavia. She has demanded a strategic slice of Turkish territory bordering the Black Sea, along with free access to and use of the Dardenelles. She demands sole control of the African area of Tripolitania. She proposes to establish naval bases in the Dodecanese Islands. In cynical violation of her solemn treaty agreement of 1942, she maintains her armed forces in Iran and refuses to move out of the Province of Azerbaijan, which she helped to set up as an independent and autonomous republic against the will of the sovereign state of Iran, to which it belongs.

In the east, Russia has established her Communist ideology over a substantial area of China, and in violation of her solemn treaty with that afflicted country has assumed virtual control of Manchuria, from which she has removed for her own use, quantities of heavy machinery sorely needed in the shattered Chinese economy.

She has turned the free Port of Dairen into a Russian stronghold and has intrenched herself in the string of islands which parallels her coast for some 200 miles north of Japan.

She has taken over the north half of Korea which is its industrial and mining section, and so far has hermetically sealed it against our American representatives who are in temporary control of the agricultural south half of that country.

The brilliant, aggressive and disruptive tactics followed by her representatives at the London session amounted to fair notice to all other members of the United Nations that Russia does not propose to permit either the assembly or the Security Council to deflect her from carrying out her policy of world wide penetration, leadership and control.

There is no doubt that this role of world domination, either alone or through control of the United Nations, is a settled policy and program decided upon by the Moscow Government.

Mr. Stalin's speech of Feb. 9, places responsibility for the two world wars equally upon the capitalistic countries. And his whole appeal is for a rapid development of all Russian economic resources in order adequately to supply and support the great Russian military establishment, which is to be continued in full force and vigor "against any eventuality."

Great Britain and the United States

So we face our second question. What about the United States and Great Britain?

The answer to this question transcends in urgency and importance all other questions now facing not only our people and government, but the British Commonwealth of Nations and all other capitalistic, free enterprise, and free self-governing societies.

It would be the acme of folly for the two great English speaking nations to treat lightly the common menace of the Russian policy and program. We, as a people and government, earnestly desire to maintain friendly and cooperative relations with the Russian Government and peoples as we do with the rest of the world. But for our own safety we cannot permit Russia to weaken and finally destroy Great Britain as a world power. The only assurance of safety for our two countries and for all other free self-governing capitalistic countries is our continuing unity in peace as in war. If we are to keep our pledged word in the United Nations Charter, American and Great Britain must cooperate completely in the speedy recovery of our war shattered domestic economies; in the development of a prosperous and mutually profitable world trade, and in a common foreign policy.

In such a common foreign policy we shall keep our two countries strong in productive capacity and in military preparedness, so that if necessity arises we can unitedly oppose all forms of aggression, whether by great or small powers. And we shall exhaust the resources of our common statesmanship in helping to lay the permanent foundations of a new world civilization, as envisioned in the United Nations Charter, which shall insure peace and security based upon freedom and justice to all nations, great and small.

John Hopkinson With Graham, Parsons & Co.

Graham, Parsons & Co., 14 Wall Street, New York City, members of the New York Stock Exchange, announce that John N. Hopkinson, recently a major in the U. S. Army Air Forces, has become associated with the firm. He was formerly a partner in Hackney, Hopkinson & Sutphin.

E. G. Parsly Director

E. G. Parsly, Vice-President of J. G. White & Company, Inc., 37 Wall Street, New York City, has been elected a director of Foreign Light and Power Company.

Max Barysh in Florida

Max Barysh, partner in charge of the trading department of Ernst & Co., 120 Broadway, New York City, left for Florida on Friday, March 8. His brother, Murray Barysh returned from Florida just in time to make the New York Security Dealers dinner at the Waldorf-Astoria Hotel.

Calendar of New Security Flotations

NEW FILINGS

List of issues whose registration statements were filed less than twenty days ago, grouped according to dates on which registration statements will in normal course become effective, unless accelerated at the discretion of the SEC.

SUNDAY, MARCH 17

BASSETT FURNITURE INDUSTRIES, INC., on Feb. 26 filed a registration statement for 30,000 shares of common stock, par $5 per share. The stock is to be purchased from W. M. Bassett, President of the company, and is a portion of the outstanding common stock of the company which is owned by him.

Details—See issue of Feb. 27.

Offering—The price to the public is $30 per share.

Underwriters—Scott, Horner & Mason, Inc., Lynchburg, Va., and Kirchofer and Arnold, Inc., Raleigh, N. C., are the principal underwriters.

HOOD CHEMICAL CO., INC., on Feb. 26 filed a registration statement for 205,000 shares of common stock, par 33 cents per share.

Details—See issue of Feb. 27.

Offering—Price to the public $5 per share.

Underwriters — No underwriters. The company is undertaking to distribute its common stock directly to the public.

DISTRICT THEATRES CORP. on Feb. 26 filed a registration statement for 140,000 shares of common stock, par $1. The shares are issued and outstanding and are being sold by certain stockholders.

Details—See issue of March 7.

Offering—The price to the public will be filed by amendment.

Underwriters—The underwriters are First Colony Corp.; Simons, Linburn & Co., Inc.; Courts & Co.; Johnston, Lemon & Co.; Irving J. Rice & Co.; Ira Haupt & Co., and Coburn & Middlebrook.

MISSION APPLIANCE CORP. on Feb. 26 filed a registration statement for 133,000 shares of common stock, par $5. Of the total 102,150 shares are being sold by the company and 30,850 by certain stockholders.

Details—See issue of March 7.

Offering—The price to the public will be $8.25 per share.

Underwriters—The principal underwriter is Lester & Co., Los Angeles, Cal.

MONDAY, MARCH 18

ILLINOIS POWER CO. on Feb. 27 filed a registration statement for $45,000,000 first mortgage bonds due 1976, and $9,000,000 sinking fund debentures due 1966. The securities will be offered for sale at competitive bidding with the price and interest rates to be named by the successful bidder.

Details—See issue of March 7.

Offering—The price to the public will be filed by amendment.

Underwriters—The names of the underwriters will be filed by amendment.

HAYES MANUFACTURING CORP. on Feb. 27 filed a registration statement for 215,000 shares of common stock ($2 par). The shares are issued and are being sold by certain stockholders.

Details—See issue of March 7.

Offering—The price to the public will be filed by amendment.

Underwriters—Laird, Bissell & Meeds heads the underwriting group.

JEFFERSON-TRAVIS CORP. on Feb. 27 filed a registration statement for 30,000 shares of $1.25 cumulative convertible preferred (no par) and 130,000 shares of common (par 25 cents). The common shares are reserved for conversion of the preferred.

Details—See issue of March 7.

Offering—The price to the pjublic is $25 per share.

Underwriters—Richard J. Buck & Co.

GALVIN MANUFACTURING CORP. on Feb. 27 filed a registration statement for 200,000 shares of common stock (par $3). Of the total, 120,000 shares are being sold by certain stockholders.

Details—See issue of March 7.

Offering—Price to the public will be filed by amendment. Of the 80,000 shares to be sold by the company, 33,720 will be first offered to stockholders who have not waived their preemptive rights, at a ratio of one share of new for each 9 shares held. The price to stockholders also will be filed by amendment.

Underwriters—Hickey & Co., Chicago, heads the underwriting group.

HUNT FOODS, INC., on Feb. 27 filed a registration statement for 175,000 shares cumulative preference stock, series A 5%, par $10, and $125,000 common, $6.66⅔ par value.

Details—See issue of March 7.

Offering—The price to the public will be filed by amendment.

Underwriters—Blyth & Co., Inc., heads the underwriting group.

STANDARD FACTORS CORP. on Feb. 27 filed a registration statement for $750,000 4¾% 15-year convertible subordinated debentures, due Dec. 31, 1960, and 22,500 shares of common stock, par $1.

Details—See issue of March 7.

Offering—The debentures and common stock are offered in units, consisting of one debenture in the principal amount of $1,000 and 30 shares of common stock, at a price of $1,050 per unit.

Underwriters—Sills, Minton & Co., Inc., heads the underwriting group.

SOUTHWESTERN PUBLIC SERVICE CO. on Feb. 27 filed a registration statement for two classes of cumulative preferred stock, consisting of 65,000 and 50,000 shares, respectively. The dividend rate will filed by amendment.

Details—See issue of March 7.

Offering—An aggregate of only 65,000 shares of both classes of preferred stock are to be issued at this time. Holders of the outstanding 4¾% old preferred will be given the opportunity to exchange the old preferred for the new preferred on a share for share basis, with cash adjustment. All shares of old preferred not exchanged will be redeemed. Unexchanged new shares will be offered by the underwriters to the public at price to be filed by amendment.

Underwriters—Dillon, Read & Co., Inc. heads the underwriting group.

TUESDAY, MARCH 19

KERR-McGEE OIL INDUSTRIES, INC., on Feb. 28 filed a registration statement for 60,000 shares cumulative convertible preferred stock, $22.50 par value. The dividend rate will be filed by amendment.

Details—See issue of March 7.

Offering—The price to the public is $25 per share.

Underwriters—Straus & Blosser, Chicago, is named principal underwriter.

CRIBBEN & SEXTON CO. on Feb. 28 filed a registratio nstatement for 40,000 shares 4½% cumulative convertible preferred stock, par $25, and 40,000 shares of common, par $5. The preferred and 5,695 shares of common are being offered by the company, and 34,305 shares of common are being sold by certain stockholders.

Details—See issue of March 7.

Offering—The price of the preferred stock to the public is $25 per share, and of the common stock $13.50 per share.

Underwriters—Paul H. Davis & Co., Chicago, is named principal underwriter.

LINN COACH & TRUCK CORP., formerly called Oneonta Linn Corp., on Feb. 28 filed a registration statement for 250,000 shares of common, par 10 cents per share.

Details—See issue of March 7.

Offering—The price to the public is $3 per share.

Underwriters—Bond & Goodwin, Inc., heads the underwriting group.

F. BURKART MANUFACTURING CO. on Feb. 28 filed a registration statement for 10,000 shares of common stock, par $1. The shares are issued and are being sold by certain stockholders.

Details—See issue of March 7.

Offering—The price to the public will be filed by amendment.

Underwriters—G. H. Walker & Co., St. Louis, principal underwriter.

PACIFIC AIRMOTIVE CORP. on Feb. 28 filed a registration statement for 150,000 shares of capital stock, par $1.

Details—See issue of March 7.

Offering—The company offers to its stockholders the right to subscribe for 150,000 shares on the basis of three-tenths of one share for each share of capital stock held at a price to be filed by amendment. Union Oil Co. of California, the beneficial owner of 212,234 shares of capital stock of Pacific, constituting 42.45% of the outstanding shares, has agreed with the company to purchase at the subscription price all shares of capital stock offered which are not subscribed in accordance with the terms of the offering. Union Oil told Pacific that the shares so to be purchased by it will be acquired for investment and not for the purpose of resale or distribution.

Underwriters—None mentioned.

ATLAS IMPERIAL DIESEL ENGINE CO. on Feb. 28 filed a registration for 30,000 shares of series A cumulative preferred stock, $50 par. The dividend rate will be filed by amendment.

Details—See issue of March 7.

Underwriters—Blyth & Co., Inc., heads the underwriting group.

WEDNESDAY, MARCH 20

HEIN-WERNER MOTOR PARTS CORP. on March 1 filed a regitration statement for 40,000 shares of common, par $3 per share.

Details—See issue of March 7.

Offering—The 40,000 shares of common stock are being offered for subscription to the holders of common stock at the rate of one share of new common for each 2½ shares of common held on March 8. The unsubscribed stock will be sold to underwriters, and the subscription price and offering price will be filed by amendment.

Underwriters—The Wisconsin Co. heads the underwriting group.

COMMONWEALTH LOAN CO. on March 1 filed a registration statement for 40,000 shares of 4% cumulative preferred stock, par $100.

Details—See issue of March 7.

Offering—The company is offering the holders of its 35,000 shares of old 5% cumulative preferred the right to exchange such shares, on a share for share basis, with cash adjustment for new preferred. All shares of 5% preferred not exchanged will be called for redemption. The underwriters will purchase from the company stock not issued under the exchange offer and 5,000 additional shares which will be offered to the public at a price to be filed by amendment.

Underwriters—Lee Higginson Corp. and Blyth & Co., Inc., head the underwriting group.

PUBLIC SERVICE CO. OF NEW HAMPSHIRE on March 1 filed a registration statement for 102,000 shares of preferred stock, $100 par. The stock is to be offered at competitive bidding, with the dividend rate supplied by amendment.

Details—See issue of March 7.

Offering—The stock will first be offered to the holders of the company's $6 and $5 dividend preferred stock on a share for share basis, with cash adjustment. The unexchanged shares of the new preferred are to be sold to underwriters for resale to the public at a price to be filed by amendment. All shares of old preferred not exchanged will be called for redemption at $107.50 for the $6 and $105 for the $5 preferred, plus accrued dividends.

Underwriters—To be filed by amendment.

SAGUENAY POWER CO., LTD., on March 1 filed a registration statement for $23,200,000 sinking fund bonds, series A, due March 1, 1971. The interest rate will be filed by amendment.

Details—See issue of March 7.

Offering—The price to the public will be filed by amendment.

Underwriters—Mellon Securities Corp. heads the underwriting group.

SATURDAY, MARCH 23

SEIBERLING RUBBER CO. on March 4 filed a registration statement for 35,000 shares of cumulative prior preferred stock, $100 par. The dividend rate will be filed by amendment.

Details—See issue of March 7.

Offering—The company is offering the holders of the 14,756 outstanding shares of its $2.50 cumulative convertible prior preference stock the right to exchange such shares for shares of new prior preferred on the basis of two shares of prior preference for one share of prior preferred plus a cash adjustment. Any shares of old preference stock not exchanged will be called by the company for redemption. The underwriters will purchase from the company any of the 7,378 shares of new preferred as are not issued on the exchange, as well as the remaining 27,622 shares which will be offered to the public at a price to be filed by amendment.

Underwriters—E. H. Rollins & Sons, Inc., heads the underwriting group.

GARTHACK MINING CO., LTD., on March 4 filed a registration statement for 300,000 shares of capital stock.

Details—See issue of March 7.

Offering—The price to the public is 50 cents per share.

Underwriters—Mark Daniels, 371 Bay Street, Toronto, Canada, holds an option on 300,000 shares of capital stock of the company. His plan of distribution is to allot the stock optioned by him to different American brokers and allow them a commission for selling of 25%.

AMERICAN AIRLINES, INC., on March 4 filed a registration statement for 97,350 shares of common stock, par $5 per share.

Details—See issue of March 7.

Offering—American is offering to issue 97,350 shares of its common stock, par $5 per share, to all of the stockholders of Mid-Continent Airlines, Inc., in exchange for the common stock of Mid-Continent in the ratio of one share of common stock of American for each four shares of common stock, of the par value of $1 per share, of Mid-Continent.

Underwriting—None named.

ELECTROMASTER, INC., on March 4 filed a registration statement for 200,000 shares of common stock, par $1.

Details—See issue of March 7.

Offering—Price to the public is $4.375 per share.

Underwriters—S. R. Livingstone & Co., Penobscot Building, Detroit, and Mercier, McDowell & Dolphyn, Buhl Building, Detroit.

SUNDAY, MARCH 24

HOLLINGSWORTH & WHITNEY CO. on March 5 filed a registration statement for 42,000 shares of $4 cumulative preferred, without par value, and 12,594 shares of common, without par value.

Details—See issue of March 7.

Offering—The price to the public will be filed by amendment.

Underwriters—The underwriting groups for both the preferred and common stocks are headed by Paine, Webber, Jackson & Curtis, and Harriman Ripley & Co., Inc.

CLINTON INDUSTRIES, INC., has filed a registration statement for 100,000 shares of capital stock, par $1 per share.

Address—408 Pine Street, St. Louis, Mo.

Business—Company is the country's third largest manufacturer of corn products, and is one of the leading manufacturers of candy.

Offering—The price to the public will be filed by amendment.

Proceeds—The company will apply $2,500,000 of the net proceeds to the prepayment of its $2,500,000 outstanding bank loans. These loans were incurred in 1945 in connection with the retirement as of Aug. 15, 1945, of the outstanding 7% first and second preferred stocks of National Candy Co. The balance of the proceeds will be added to company's general funds. On Feb. 4, 1946, National Candy Co. (of Del.) was merged into Clinton Company (of Del.), the name of which was changed by the merger agreement to Clinton Industries, Inc.

Underwriters—Smith, Barney & Co. and Newhard, Cook & Co. head the underwriting group.

Registration Statement No. 2-6201. Form S-1. (3-5-46).

MONDAY, MARCH 25

AMERICAN METAL PRODUCTS CO. has filed a registration statement for 150,000 shares of common stock, $2 par. The shares are issued and outstanding and are being sold by five stockholders.

Address—5959 Linsdale Avenue, Detroit, Mich.

Business—Formed welded steel tubular parts and tubular and stamped welded assemblies, which are sold to the automotive industry.

Offering—The price to the public will be filed by amendment.

Proceeds—Go to the selling stockholders.

Underwriters—Watling, Lerchen & Co., Detroit, heads the underwriting group.

Registration Statement No. 2-6202. Form S-2. (3-6-46).

CARDIFF FLUORITE MINES, LTD. has filed a registration statement for 250,000 shares of common stock, par $1.

Address—Suite 407-26 Queen Street East, Toronto, Canada.

Business—Exploration for the strategic mineral fluorspar and to open up by open cut one of its properties where a large body of ore has been indicated by diamond drilling and to open up two other known deposits by means of tunneling.

Offering—The price to the public is 60 cents a share, Canadian funds. Arrangements have been made with the registrant to sell 500,000 shares at 40 cents per share to net the company's treasury $200,000. It is intended that 250,000 of these shares shall be offered in the United States and 250,000 of same offered in Canada. F. R. Marshall has subscribed for 100,000 shares at 40 cents per share to net the treasury $40,000, with the understanding that he will later purchase an additional 400,000 shares at the same price or 40 cents per share.

Proceeds—Of the proceeds $40,000 will be used, with the approximate $22,000 on hand, for further development work, etc.; $150,000 for the erection of a flotation milling plant, and the balance will be used for working capital. All funds are stated in Canadian funds.

Underwriters—Frank P. Hunt, 42 East Avenue, Rochester, N. Y. will handle the issue in the United States.

Registration Statement No. 2-6203. Form S-3. (3-6-46).

GLOBE AIRCRAFT CORP. has filed a registration statement for 150,000 shares of 5½% cumulative convertible preferred stock, par $10 per share.

Address—Fort Worth, Texas.

Business—Production of aircraft.

Offering—Corporation was organized in Delaware, on Feb. 23, 1946, for the purpose of acquiring all of the assets of the Globe Aircraft Corp. (Texas). Pursuant to a plan of reorganization the company acquired all of the assets of the Texas company and in consideration therefor issued to the Texas company 450,000 shares of its common stock, and agreed to assume the liabilities of the Texas company. Pursuant to the plan of reorganization, the Texas company will distribute on a share for share basis to the holders of its common stock the shares of common stock in the Delaware company which the Texas company has received and the Texas company will be dissolved. The company is offering to the holders of its common stock all of the preferred stock on the basis of one share preferred for each 3 shares of common at $9 per share. The company has agreed with Kobbe, Gearhart & Co., Inc., and Newburger & Hano to sell to them that portion of the offering which may not be subscribed for by the company's common stockholders. The public offering price is given as $10 per share.

Proceeds—The proceeds to the company upon sale of the 150,000 shares of preferred will be $1,275,000. Of the proceeds the company expects to utilize for reorganization and other expenses $34,000; payment of a loan to the Reconstruction Finance Corp. $960,000; purchase price of a factory building and equipment $250,000, and for working capital $31,000.

Underwriters—Kobbe, Gearhart & Co., Inc., and Newburger & Hano.

Registration Statement No. 2-6204. Form S-1. (3-6-46).

TUESDAY, MARCH 26

R. G. LeTOURNEAU, INC., has filed a registration statement for 50,000 shares of $4 cumulative preferred stock, without par value.

Address—2301 North Adams Street, Peoria, Ill.

Business—Earthmoving machinery.

Offering—The price to the public will be filed by amendment.

Proceeds—A portion of the proceeds will be used for the redemption some time in May at $105 per share of all outstanding $4.50 cumulative convertible preferred stock. Since the preferred stock is convertible into common stock, the amount ultimately required for such purpose will be determined by the number of shares outstanding on the redemption date. The company contemplates that a portion of the balance will be utilized for the purchase of machine tools and buildings for use in the domestic manufacturing operations of the company, including the acquisition of land and construction of a proposed factory building at Longview, Texas. Approximately $400,000 will be invested in LeTourneau (Great Britain) Ltd., for the purchase of machine tools to be used in the manufacture of various of the company's products in Great Britain.

Underwriters — The underwriting group includes Alex. Brown & Sons, Dean Witter & Co., F. S. Moseley & Co., Kebbon, McCormick & Co. and Shields & Co.

Registration Statement No. 2-6205. Form A-2. (3-7-46).

EATON MANUFACTURING CO. has filed a registration statement for 178,364 shares of common stock, par $4 per share.

Address—739 East 140th Street, Cleveland, O.

(Continued on page 1394)

Calendar of New Security Flotations

(Continued from page 1393)

Business—Parts for automotive and aircraft industries.

Offering—The company is offering the new stock to holders of its common stock at the rate of one new share for each four common shares held at a price to be filed by amendment. The company is selling the unsubscribed stock to underwriters who will offer it to the public at a price to be filed by amendment.

Proceeds—All of the net proceeds will be added to the company's funds available for general corporate purposes. The company's expenditures during the years 1945 and 1946 for expansion and modernization of its maunfacturing plants and facilities in order to increase efficiency, provide for new product development, increase production of existing products and improve working conditions are estimated to be in the neighborhood of $8,200,000, of which $1,984,539 was spent to Feb. 1, 1946. Expenditures and commitments for approximately $7,000,000 have already been made and $500,000 is earmarked for specific purposes.

Underwriters — Merrill Lynch, Pierce, Fenner & Beane heads the underwriting group.

Registration Statement No. 2-6206. Form S-1. (3-7-46).

E. W. BLISS CO. has filed a registration statement for 100,000 shares of $2.25 convertible preferred stock, without par value.

Address—53rd Street and First Avenue, Brooklyn, N. Y. It is contemplated principal executive offices will, however, be moved to Detroit.

Business — Mechanical and hydraulic presses, can-making machinery, rolling mill equipment and accessory press equipment etc. The company has at the present time an existing backlog of unfilled orders in an aggregate amount of approximately $28,000,000, in about the following percentages: automotive industry 55%; can-making industry 14%; purchasers of rolling mill equipment 8%, and miscellaneous manufacturers 23%.

Offering—The price to the public will be filed by amendment.

Proceeds—Of the net proceeds a portion will be applied to the redemption of the 42,109 shares of 6% convertible preferred and the 30,096 shares of 5% convertible preferred and $1,500,000 will be used to retired notes. Of the balance of the net proceeds, approximately $1,328,000 will be utilized to complete the expansion program of the company started in 1945.

Underwriters—Allen & Co.

Registration Statement No. 2-6207. Form S-1. (3-7-46).

WEDNESDAY, MARCH 27

PEERLESS CASUALTY CO. has filed a registration statement for 50,000 shares of common stock, par $5 per share.

Address—19 Federal Street, Keene, N. H.

Business — Accident, health, casualty, liability, fidelity, surety and reinsurance risks.

Offering—The company is offering the 50,000 shares of common to its common stockholders in the ratio of five additional shares for each eleven shares held, at $14 per share. The unsubscribed shares will be sold to underwriters and sold to the public at $14 per share.

Proceeds—The net proceeds will be used for the purchase of securities in the open market and will go into the company's investment portfolio. The par value of the shares sold will be credited to capital account and the balance to paid-in surplus. The proposed increase in capital and paid-in surplus will enable the company to qualify to take on additional lines of insurance and to absorb a larger volume of business of presently carried lines.

Underwriters—Herrick, Waddell & Co., Inc., New York, heads the underwirting group.

Registration Statement No. 2-6208. Form S-1. (3-8-46).

WILSON BROTHERS has filed a registration statement for 60,000 shares 5% cumulative preferred stock, $25 par, with non-detachable warrants, and 120,000 shares of common, $1 par. Of the total shares covered 13,266 preferred and 20,000 common are being sold by a stockholder.

Address—528 South Wells Street, Chicago, Ill.

Business—Men's quality haberdashery.

Offering—The offering price of the preferred is $25 per share. The offering price of the common will be filed by amendment.

Proceeds—The net proceeds to be received by the company from the sale of 46,734 shares of 5% cumulative preferred and 100,000 shares of common will be used to pay all indebtedness to American Business Credit Corporation; for capital expenditures estimated at $225,000, and to increase working capital. The net proceeds from the sale of 13,266 preferred and 20,000 common will be received by Sheboygan Chair Co., the selling stockholder.

Underwriters—The underwriting group is headed by Hemphill, Noyes & Co.

Registration Statement No. 2-6209. Form S-1. (2-8-46).

INDIANAPOLIS POWER & LIGHT CO. has filed a registration statement for 142,967 shares of common stock, without par value.

Address—17 North Meridian Street, Indianapolis, Ind.

Business—Public utility.

Offering—The company is offering the stock to the holders of its common stock at a price to be filed by amendment at the rate of one share of new common for each five shares held.

Proceeds — Holders of the outstanding 5¼% cumulative preferred stock are being offered the right to exchange their present preferred for shares of a new issue of 120,000 shares of 4% cumulative preferred. Any unexchanged balance of new preferred will be sold to underwriters. The company will apply net proceeds from the sale of new preferred stock sold to underwriters, and the net proceeds from sale of the 142,967 shares of common, to the redemption probably in April, 1946, at $112 per share and accrued dividends, of such of the 140,591 shares of old preferred as shall not be exchanged. The company also has arranged with a group of seven banks for a loan of $3,000,000 to permit retirement of $2,200,000 2½% serial notes and to provide the company with $800,000 of additional funds.

Underwriters—The underwriting group is headed by Lehman Brothers, Goldman, Sachs & Co. and the First Boston Corp.

Registration Statement No. 2-6210. Form A-2. (3-8-46).

THOMPSON PRODUCTS, INC. has filed a registration statement for 40,000 shares 4% cumulative preferred stock, $100 par value, and 75,000 shares of common stock, without par value.

Address—2196 Clarkwood Road, Cleveland, and 23555 Euclid Avenue, Euclid, Ohio.

Business—Wide range of engine and other parts for automobiles, trucks, tractors; parts and accessories for aircraft and aircraft engines; and parts for marine engines and for industrial engines.

Offering—The offering prices to the public will be filed by amendment.

Proceeds—The net proceeds will be added to funds available for general corporate purposes. The company has contracted with Reconstruction Finance Corporation to purchase, subject to certain conditions, the plant of Thompson Aircraft Products Co. at Euclid, O., which has been operated under lease. The purchase price of the property is $5,000,000. Additional funds will be spent by the company in the acquisition of machinery and equipment at an estimated cost of $3,000,000.

Underwriters—The underwriting group is headed by Smith, Barney & Co., McDonald & Co. and Shields & Co.

Registration Statement No. 2-6212. Form S-1. (3-8-46).

THURSDAY, MARCH 28

INDIANAPOLIS POWER & LIGHT CO. has filed a registration statement for 120,000 shares of 4% cumulative preferred stock, par $100.

Address — 17 North Meridian Street, Indianapolis, Ind.

Business—Public utility.

Offering—The company is offering to the holders of its 140,591 shares of 5¼% cumulative preferred stock the opportunity to exchange their shares for the 120,000 shares of 4% preferred and in the event of over-subscription, the 120,000 shares of new preferrred will be allocated on a pro rata basis, the exchange carrying a cash adjustment. Any unexchanged balance of new preferred will be sold to underwriters and offered to the public at a price to be filed by amendment.

Proceeds—See above.

Underwriters — Lehman Brothers, Goldman, Sachs & Co. and the First Boston Corporation.

Registration Statement No. 2-6211. Form A-2. (3-9-46).

SATURDAY, MARCH 30

COMMONWEALTH INVESTMENT CO. has filed a registration statement for 100,000 shares of capital stock, $1 par value.

Address—2500 Russ Building, 235 Montgomery Street, San Francisco, Cal.

Business—Investment company.

Offering—Shares are to be offered at the public offering price in effect at the time of the sale. The offering price fluctuates from day to day in accordance with the changes in the net asset value of the shares.

Proceeds—For investment.

Underwriters—North American Securities Co., San Francisco, Cal.

Registration Statement No. 2-6213. Form S-5. (3-11-46).

MINNESOTA MINING & MANUFACTURING CO. has filed a registration statement for an indeterminate number of common shares, without par value. The shares are issued and are being sold by certain stockholders.

Address—St. Paul, Minn.

Business—Coated abrasives, scotch tape, etc.

Offering—The price to the public will be filed by amendment.

Proceeds—The shares are to be sold by two stockholders who will receive the proceeds.

Underwriters — Goldman, Sachs & Co. and Piper, Jaffray & Hopwood.

Registration Statement No. 2-6214. Form A-2. (3-11-46).

INSURANCE SECURITIES, INC., has filed a registration statement for participating agreements covering 2,600 units of $1,000 each single payment plan, series T-2,250,000 investment units, and 2,000 units of $1,200 each accumulative plan, series D-1,750,000 investment units.

Address—325-13th Street, Oakland, Cal.

Business—Investment company.

Offering—The selling price of a participating agreement is "fixed," being the amount in the aggregate the subscriber agrees to pay in as set forth in participating agreements.

Proceeds—For investment in insurance company common stocks.

Underwriter—Insurance Securities, Inc.

Registration Statement No. 2-6215. Form C-1. (3-11-46).

LION OIL CO. has filed a registration statement for 150,000 shares of common stock, without par value.

Address—El Dorado, Arkansas.

Business—Crude oil and its products and in acquisition and development of oil and gas leases.

Offering—The price to the public will be filed by amendment.

Proceeds—Of the net proceeds, the company expects to expend approximately $1,250,000 in the construction of a still at its refinery at El Dorado, Ark., for the manufacture of petroleum products by catalytic cracking and catalytic treating by the use of the Houdry process. The company expects to devote the balance of the proceeds, together with other funds from its treasury, to an expansion of its drilling and exploration program in search of oil and gas.

Underwriters—The underwriting group is headed by Blyth & Co., Inc.

Registration Statement No. 2-6216. Form S-1. (3-11-46).

SUNDAY, MARCH 31

ALEXANDER SMITH & SONS CARPET CO. has filed a registration statement for 50,000 shares of cumulative preferred stock, par $100, and 156,312½ shares of common stock, par $20. The dividend rate on the preferred will be filed by amendment.

Address—Saw Mill River Road, Yonkers, New York.

Business—Carpets and rugs.

Offering — The offering prices to the public will be filed by amendment.

Proceeds—The company has in contemplation a program for modernizing and expanding its manufacturing facilities and those of Sloane-Blabon Corp., its principal subsidiary. This program is deemed advisable to reduce manufacturing costs, to provide for new developments in production methods, and to increase production of established and new products. The company stated it is impossible to estimate the amounts which will be employed for the modernization and expansion program or to carry increased inventories and accounts receivable since the making of many expenditures will depend in large part upon availability of materials and equipment and upon removal of government restrictions of various kinds. Tentative plans contemplate the expenditure of $2,000,000 for machinery and equipment at the Yonkers plant of the company. Sloane-Blabon has plans for capital expenditures for additions and improvements to buildings at its Trenton and Philadelphia plants amounting to a total of $2,660,000 and for new machinery and machinery and equipment at such plants amounting to a total of $2,424,000. The requirements of the subsidiary may be met partly through investments in, or advances to, it by the parent company.

Underwriters — The underwriters are: Morgan Stanley & Co.; Dominick & Dominick; Harriman Ripley & Co., Inc.; Goldman, Sachs & Co.; Kidder, Peabody & Co.; Lehman Brothers and Smith, Barney & Co.

Registration Statement No. 2-6219. Form S-1. (3-12-46).

VERITY PORCUPINE GOLD MINES, LTD., has filed a registration statement for 250,000 shares of common stock.

Address—1502 Sterling Tower Building, Toronto, Canada.

Business—Mining.

Offering—Price to the public is 50 cents per share.

Proceeds—The proceeds will be used for development work, etc.

Underwriters—Mark Daniels & Co., 371 Bay Street, Toronto, Can., is named underwriter.

Registration Statement No. 2-6220. Form S-11. (3-12-46).

DATES OF OFFERING UNDETERMINED

We present below a list of issues whose registration statements were filed twenty days or more ago, but whose offering dates have not been determined or are unknown to us.

ALABAMA POWER COMPANY on Feb. 8 filed a registration statement for 300,000 shares of 4.20% preferred stock, par $100, cumulative from April 1, 1946.

Details—See issue of Feb. 14.

Offering—The company proposes to issue not more than 300,000 shares of new preferred, par $100, at dividend rate of 4.20%, which will be offered in exchange to the holders of its outstanding 355,876 shares of preferred, consisting of 159,575 shares $7 dividend stock, 170,456 shares $6 and 25,845 shares $5 preferred, all without par value, on the basis of one share of new preferred and $10 in cash for each share of $7 preferred, and one share of new preferred for each share of $6 and $5 preferred exchanged, plus cash dividend adjustments. Any shares not exchanged will be redeemed at the redemption prices of $115 for the $7 and $105 for the $6 and $5 preferred. If more than 300,000 shares of old preferred are deposited for exchange, the company will allot shares up to 26 shares in full and pro rate shares deposited by a single holder in excess of 25 shares. The company also plans to sell to banks $7,600,000 notes and use the proceeds to reimburse its treasury for prepayment on Dec. 31, 1945, of $2,250,000 2⅞% notes and to provide a portion of the funds required in connection with the proposed exchange and redemption of its old preferred stock.

Dealer-Manager—The company has retained Merrill Lynch, Pierce, Fenner & Beane as dealer-manager to manage a group of securities dealers to obtain acceptances of the exchange offer.

AMERICAN POTASH & CHEMICAL CORP. on Dec. 28 filed a registration statement for 478,194 shares of capital stock (no par). The shares are issued and outstanding and are being sold by the Alien Property Custodian who directed the company to file the registration statement.

Details—See issue of Jan. 3.

Underwriters—The Alien Property Custodian proposes to sell the 478,194 shares of stock at public sale to the highest qualified bidder.

Bids will be received at office of the Custodian, 120 Broadway, New York 5, N. Y. before 11 a.m. EST on March 27.

AMPAL-AMERICAN PALESTINE TRADING CORP. on Oct. 3 filed a registration statement for 400,000 shares of 4% cumulative preferred non-voting shares.

Details—See issue of Oct. 11.

Offering—The price to the public is $5.50 per share.

Underwriters—The shares will be sold through the efforts of the directors and employees of the corporation.

BENDIX HELICOPTER, INC., on Feb. 13 filed a registration statement for 507,400 shares of common stock, par 50 cents. The shares are being sold for the account of the estate of Vincent Bendix, deceased.

Details—See issue of Feb. 20.

Offering—The shares will be sold in the over-the-counter market.

Underwriters—Kobbe, Gearhart & Co., Inc. is named principal underwriter.

CABOT YELLOWKNIFE GOLD MINES LTD., on Nov. 13 filed a registration statement for 1,000,000 shares of common stock par $1.

Details—See issue of Nov. 22.

Offering—The price to the public is 30 cents per share.

Underwriters—John William Langs is named principal underwriter.

Registration Statement withdrawn Feb. 28.

L. E. CARPENTER & CO. on Feb. 21 filed a registration statement for 129,242 shares of common stock, par $1 per share. Of the total, 50,000 shares are being sold by the company, and the remaining 79,242 shares are being sold by certain stockholders.

Details—See issue of Feb. 27.

Offering—The price to the public will be filed by amendment.

Underwriters—Burr & Co., Inc., New York, is named principal underwriter.

CENTRAL NEW YORK POWER CORP. on Feb. 13 filed a registration statement for 200,000 shares of cumulative preferred stock, par $100. The dividend rate will be furnished after the shares have been offered for sale at competitive bidding.

Details—See issue of Feb. 20.

Offering—The price to the public will be filed by amendment.

Underwriters—The names of the underwriters will be filed by amendment.

CHAIN STORE INVESTMENT CORP. on Feb. 8 filed a registration statement for 15,000 shares of 4½% cumulative convertible preferred stock, par $50 and 100,000 shares of common, par 10 cents.

Details—See issue of Feb. 14.

Offering—The 15,000 shares of 4½% cumulative convertible preferred will be offered to the public by underwriters at a price to be filed by amendment. The 100,000 shares of common stock are initially being offered by the corporation for subscription by its present common stockholders at a price to be filed by amendment. The unsubscribed balance of common will be offered to the public by underwriters at a price to be filed by amendment. The common stock will be offered to present common stockholders at a price of 50 cents per share under the public offering price.

Underwriters — As to the preferred, Childs, Jeffries & Thorndike, Inc. and H. C. Wainwright & Co., and as to the common, First Colony Corp.

CHESGO MINES, LTD., on Dec. 26 filed a registration statement for 1,250,000 shares of $1 par value stock, non-assessable.

Details—See issue of Jan. 3.

Offering—The public offering price is 35 cents per share.

Underwriters—W. R. Manning & Co., Toronto, Ontario, Canada.

Registration statement withdrawn March 4.

CITY OF MONTREAL, CANADA on Feb. 4 registered $85,980,000 1¼% to 3¼% debentures, dated Feb. 1, 1946, to mature serially in various amounts on Nov. 1 of each year 1947 through 1975.

Details—See issue of Feb. 7.

Offering—The offering price to the public will be filed by amendment.

Underwriters—The principal underwriters are Harriman Ripley & Co., Inc., Smith, Barney & Co., First Boston Corporation, Dominion Securities Corporation, Wood, Gundy & Co., Inc., A. E. Ames & Co., Inc. and McLeod, Young, Weir, Inc.

CLAROSTAT MFG. CO., INC., on Feb. 14 filed a registration statement for 240,000 shares of common stock, par $1. Of the total 90,000 shares are being sold by stockholders.

Details—See issue of Feb. 20.

Offering—The offering price to the public is $4.25 per share.

Underwriters—B. G. Cantor & Co., New York, is named principal underwriter.

DALLAS TITLE & GUARANTY CO. on Feb. 21 filed a registration statement for 25,000 shares of capital stock, par $10 per share.

Details—See issue of Feb. 27.

Offering—The company has granted holders of its capital stock rights to subscribe at $20 per share to the new stock at the rate of one share of new for each share held. The company reserves the right to sell any unsubscribed stock at public or private sale at $20 per share.

Underwriters.—None named.

DALLAS YELLOW KNIFE GOLD MINES, LTD., on Feb. 8 filed a registration statement for 300,000 shares of capital stock, par $1.

Details—See issue of Feb. 14.

Business—Mining.

Offering—The 300,000 shares are offered at a price of 50 cents per share. These share are offered as a speculation.

Underwriter—Mark Daniels, 1840 Morris Building, Philadelphia, Pa., and 371 Bay Street, is named underwriter, with commision of 30% and 5% additional allowance to cover advertising and traveling expenses.

DOYLE MANUFACTURING CORP. on Jan. 11 filed a registration statement for 50,000 shares of 60-cent cumulative convertible preferred stock, series A, par $8, and 100,000 shares of common, par $1. The common shares are reserved for issuance upon conversion of the preferred on the basis of two shares of common for one share of preferred.

Details—See issue of Jan. 17.

Offering—The offering price of the preferred will be $10 per share.

Underwriters—Burr & Co., Inc. named principal underwriter.

DRUG PRODUCTS CO., INC., on Feb. 25 filed a registration statement for 225,000 shares of common stock, par $1. Of the total 175,000 shares are being offered to the public through underwriters, and 50,000 shares are offered to warrant holders.

Details—See issue of Feb. 27.

Offering—The price to the public on the 175,000 shares offered is $4.50 a share.

Underwriters—Bond & Goodwin, Inc., is named principal underwriter.

Registration Statement No. 2-6137. Form S-1. (2-28-46).

EASTERN COOPERATIVE WHOLESALE, INC. on Dec. 29 registered 20,000 shares of 4% cumulative dividend non-voting preferred stock, series A ($25 par).

Details—See issue of Jan. 10.

Offering—Price to the public $25 per share. Securities are being sold by the cooperative directly to stockholders and friends interested in the cooperative movement without the interposition of any underwriter.

Underwriters—None.

EQUIPMENT FINANCE CORP. on Feb. 25 filed a registration statement for 13,877 shares, 4% cumulative series 2 preferred, par $100, and 28,159 shares of common, par $10.

Details—See issue of Feb. 27.

Offering—The price to the public is $100 per share for the preferred and $10 per share for the common stock. The company anticipates that all of the preferred and common will be sold to employes and officers of the company, and employes and officers of Curtiss Candy and its subsidiaries. In the event of a public offering, the company will file a post-effective amendment.

Underwriters—The sale of the stock will be made through the company's own officers and employees.

GENERAL INSTRUMENT CORP. on Oct. 25 filed a registration statement for 60,000 shares cumulative convertible preferred, $20 par, and 260,000 shares of common, par $1.

By amendment filed with the SEC the preferred stock has been eliminated and the number of common shares has been reduced to 79,590, of which 16,590 shares will be sold by certain stockholders to employees and others at $14 per share and 63,000 shares will be sold by certain stockholders to underwriters for public offering.

Offering—The price to the public will be filed by amendment.

Underwriters—Burr & Co. heads the underwriting group.

GENERAL SECURITIES CORP. on Sept. 28 filed a registration statement for 200,000 shares of common stock, par $5.

Details—See issue of Oct. 4.

Offering—The price to the public is $7.50 per share.

Underwriters—General Finance Co., Atlanta, Ga., is fiscal agent.

GIANT YELLOWKNIFE GOLD MINES, LTD., on Feb. 21 filed a registration statement for 81,249 common shares, $1 par, Canadian. The shares are being offered to residents of the United States and Canada by Toronto Mines Finance Ltd. These shares are part of a recent offering of an aggregate of 525,000 shares offered by the company in Canada to its own shareholders at a price of $5 (Canadian) per share.

Details—See issue of Feb. 27.

Offering—The offering price is $5.10 (Canadian) per share, or the United States equivalent. Toronto Mines Finance Ltd. intends to offer 44,195 of such shares in blocks of not less than five shares to shareholders of Frobisher Exploration Co., Ltd., of record Dec. 15, 1945, as resident in the United States in the approximate ratio of one share for every 15 shares of Frobisher then owned by them, and to shareholders of Ventures, Limited of record Dec. 15, 1945, as resident in the United States, in the approximate ratio of one share for every 20 shares of Ventures then owned by them. The balance of the shares will be offered in Canada and the United States to such persons as Toronto Mines Finance, Ltd. may determine, who may include officers and employes of the company.

Underwriters — Toronto Mines Finance, Ltd., 25 King Street, West, Toronto, is

named underwriter. It is wholly owned and controlled by its parent company, Ventures, Ltd.

ADOLF GOBEL, INC., on Jan. 10 filed a registration statement for 412,899 shares of common stock, par $1. The shares are issued and outstanding and are being sold on behalf of the Adolf Gobel, Inc. Syndicate.

Details—See issue of Jan. 17.

Offering—The common stock is being offered for sale to the public on the New York Curb Exchange on behalf of the Adolf Gobel, Inc., Syndicate. The securities will be sold through regular market channels over the New York Curb Exchange at the best price obtainable in small lots so as not to unduly depress the market. The propsed stock offering constitutes 63.9% of the company's outstanding common stock. There are 12 members in the syndicate.

Underwriters—No underwriting discounts and commissions are being paid.

GOLD CITY PORCUPINE MINES, LTD. on Jan. 4 filed a registration statement for 600,000 shares of common stock, $1 Canadian currency par value each.

Details—See issue of Jan. 10.

Offering—The company is offering its common stock to the public at 50 cents United States currency per share. If the company accepts offers from dealers to purchase the stock, the company will sell to such dealers, if any, at 32.5 cents U. S currency per share for resale at 50 cents U. S. currency per share. The estimated proceeds to be raised by the company is $300,000 U. S. currency maximum, and $195,000 U. S. currency minimum, if all the shares are sold by dealers, and assuming in any event that all the shares are sold.

Underwriters — No underwriters named

GRAHAM-PAIGE MOTORS CORP. on Feb. 21 filed a registration statement for $12,000,000 4% secured convertible debentures due March 1, 1956. The statement also covered an indeterminate number of common shares to be reserved for issuance upon the conversion of the debentures, and 25,000 shares of common, which shares may be issued to Allen & Co., New York, pursuant to a proposed standby agreement.

Details—See issue of Feb. 27.

Offering—The price to the public will be filed by amendment.

Underwriters—Allen & Co., New York, heads the underwriting group.

GULF ATLANTIC TRANSPORTATION CO. on Jan. 17 registered 270,000 shares of common stock, par $1.

Details—See issue of Jan. 24.

Offering—The price to the public will be filed by amendment. The securities are being offered initially for a period of 15 days to present shareholders under preemptive rights at a price to be filed by amendment. The holders of approximately 200,000 shares have agreed to waive their preemptive rights. The underwriter will receive 50,000 five-year warrants to purchase common stock at a price to be filed by amendment. For these warrants the underwriter will pay the company 10 cents each or a total of $5,000.

Underwriters—The principal underwriter is Allen & Co., New York.

HACKENSACK WATER CO. on Feb. 21 filed a registration statement for $15,000,000 first mortgage bonds due March 1, 1976. The interest rate will be filed by amendment.

Details—See issue of Feb. 27.

Offering—The company proposes to invite sealed bids for the purchase of the bonds.

Underwriters—The names of the underwriters will be filed by amendment.

HIGGINS, INC. on Jan. 29 filed a registration statement for 900,000 shares of common stock, par $1, to be offered to public, and 300,000 shares issued in connection with acquisition of property.

Details—See issue of Feb. 7.

Offering—The price to the public is $11 per share, or a gross of $9,900,000. Underwriting discounts or commissions are placed at 90 cents a share, leaving net proceeds to the company of $10.10 a share or a total of $9,090,000. Higgins, Inc., was incorporated on Jan. 9, 1946. Andrew J. Higgins, acting on behalf of himself and associates, was active in the organization of the company. The statement points out the company is not to be confused with Higgins Industries, Inc., now in statutory liquidation. It is intended Higgins, Inc., shall acquire from Higgins Industries Inc. a portion of its business, plant and property for approximately $4,238,000 in cash and 300,000 shares of common stock, including the shares subscribed for by the incorporators, and 100,000 warrant shares entitling the holders to purchase 100,000 shares of common stock (the shares of common stock and the warrants being taken at an aggregate valuation of $3,040,000). The underwriters are also purchasing from the company at 10 cents per warrant share, warrants entitling holders to purchase 100,000 shares of common stock. The capitalization of the company is as follows: Common stock ($1 par), 2,000,000 shares authorized, of which 1,200,000 will be outstanding and 200,000 warrants to purchase common stock all of which will be outstanding. Under date of Jan. 29, 1946, the company entered into employment contracts with Andrew J. Higgins and Morris Gottesman for a period of five years from Jan. 1, 1946, at an annual compensation of not less than $80,000 and $35,000, respectively plus, in each case, the right to share in any additional compensation based on bonus or profit sharing plans.

Underwriters—Van Alstyne, Noel & Co heads the underwriting group, with names of others to be filed by amendment.

INVESTORS SYNDICATE OF AMERICA, INC., on Feb. 25 filed a registration statement for the following face amounts: Single payment certificates $8,025,000; series 6 certificates $15,000,000; series 10 certificates $25,000,000; series 15 certificates $100,000,000, and series 20 certificates $75,000,000.

Details—See issue of Feb. 27.

Offering—The certificates are of the installment payment type.

Underwriters—Investors Syndicate, Minneapolis, Minn., is named principal underwriter.

JAEGER MACHINE CO. on Feb. 11 filed a registration statement for 33,153 shares of common stock, without par value.

Details—See issue of Feb. 14.

Offering—The company is offering the new stock to its common stockholders of record Feb. 21, at $24 per share at rate of one new share for each five shares held.

Underwriters—The underwriting group is headed by McDonald & Co., and the Ohio Company.

MAXSON FOOD SYSTEMS, INC., on Feb. 15 filed a registration statement for 475,000 shares of 50-cent convertible preferred stock, (par $1).

Details—See issue of Feb. 20.

Offering—The price to the public will be filed by amendment. The underwriter agrees, for a period of five days, to accept orders from stockholders of W. L. Maxson Corp. to purchase, at the public offering price, shares of preferred at the rate of two shares of preferred for each share of capital stock of Maxson held by such stockholders.

Underwriters—F. Eberstadt & Co., Inc., is named principal underwriter.

MEAD CORP. on Jan. 24 filed a registration statement for 7,000 shares of $5.50 cumulative preferred stock, series B, with common stock purchase warrants attached and 14,000 shares of common stock (no par).

Details—See issue of Jan. 31.

Offering—The company will offer to all holders of the common stock of Columbian Paper Co. one-half share of $5.50 cumulative preferred, Series B, with warrants for purchase of common stock, and one share of common stock for each share of Columbian common stock, in each case with all dividends paid or payable thereon by Columbian during the period of the offer.

Underwriters—The offer is not being underwritten.

MORRIS PLAN CORP. OF AMERICA on Jan. 29 filed a registration statement for 100,000 shares of preferred stock, series A, with common stock purchase warrants attached, par $1, and 150,000 shares of common, 10 cents par value. The dividend rate on the preferred will be filed by amendment. The statement covers 200,000 additional shares of common reserved against warrants.

Details—See issue of Feb. 7.

Offering—The price to the public will be filed by amendment.

Underwriters—To be supplied by amendment.

NATIONAL DISTILLERS PRODUCTS CORP. on Feb. 4 filed a registration statement for 379,894 shares of common stock (no par).

Details—See issue of Feb. 7.

Offering—The stock is being offered by the company for subscription to the holders of its common stock, pro rata, at the rate of one-sixth of one share for each share held at a price to be filed by amendment. Unsubscribed shares will be offered to the public by underwriters at a price to be filed by amendment.

Underwriters—The group is headed by Glore, Forgan & Co. and Harriman Ripley & Co., Inc.

NICKEL CADMIUM BATTERY CORP. on Nov. 23 filed a registration statement for 35,000 shares of capital stock, par $10.

Details—See issue of Nov. 29.

Offering—The price to the public is $10 per share.

Underwriters—None. The securities are being offered by the corporation.

Registration Statement withdrawn Dec. 29, 1945.

OKLAHOMA GAS & ELECTRIC CO. on Feb. 7 filed a registration statement for 675,000 shares of 4% cumulative preferred stock, par $20.

Details—See issue of Feb. 14.

Offering—The company intends to call for redemption its outstanding 146,478 shares of 7% cumulative preferred stock, par $100. The old preferred is redeemable at $125 per share plus dividends. The company is granting to such holders the right to receive the redemption price of their shares of old preferred by the delivery of six shares of 4% new preferred for each share of old preferred. As the amount of new preferred will be limited to 675,000 shares, the right is limited to holders of old preferred who first deposit an aggregate of 112,500 shares (76.8%) of the old preferred. The holders of the remaining 33,978 shares (23.2%) of old preferred will be required to take the redemption price of their shares in cash.

Dealer-Manager—Merrill Lynch, Pierce, Fenner & Beane.

PALESTINE ECONOMIC CORP. on Dec. 28 registered 20,000 shares of common stock, $100 par value.

Details—See issue of Jan. 3.

Offering—The offering price to the public is $100 per share.

Underwriting—No underwriting.

PIPER AIRCRAFT CORP. on Feb. 18 filed a registration statement for 150,000 shares of common stock, par $1 per share.

Details—See issue of Feb. 20.

Offering—The price to the public will be filed by amendment.

Underwriters — Hayden, Stone & Co. heads the underwriting group.

PORTLAND MEADOWS on Dec. 20 filed a registration statement for $900,000 10% unsecured notes due Jan. 1, 1971.

Details—See issue of Jan. 3.

Offering—The offering is to be at par, with total net proceeds to the corporation placed at $900,000.

Underwriters—No underwriter named.

RAILWAY & LIGHT SECURITIES CO. on Feb. 7 filed a registration statement for 20,392 shares of 4% cumulative convertible preferred stock, par $100.

Details—See issue of Feb. 14.

Offering—The company is issuing to the holders of its common stock rights to 20,392 shares of convertible preferred stock on the basis of one share for each 8 shares of common held at a price to be filed by amendment.

Underwriters—To be filed by amendment.

RED BANK OIL CO. on May 31 filed a registration statement for 990,793 shares of common stock (par $1).

Details—See issue of June 7.

Underwriters — Principal underwriter Bennett & Co., Inc., Dallas, Texas.

Stop Order Hearings—Stop order hearings to determine whether the effectiveness of registration statement should be suspended now pending before the SEC.

SCRANTON-SPRING BROOK WATER CO. on Feb. 8 filed a registration statement for $23,500,000 first mortgage bonds, due March 15, 1976, and 100,000 shares of cumulative preferred stock, par $100. The interest and dividend rates will be filed by amendment.

Details—See issue of Feb. 14.

Offering—The bonds and preferred stock will be sold at competitive bidding and the offering price filed by amendment.

Underwriters—The names of the underwriters will be filed by amendment.

SINCLAIR OIL CORP. on Dec. 26 filed a registration statement for 150,000 shares of common stock (no par). The shares are issued and outstanding and are being sold by a present stockholder.

Details—See issue of Jan. 3.

Offering—The price to the public will be filed by amendment. The statement says shares purchased upon the initial offering will carry the right to receive the dividend of 25 cents per share which has been declared payable on Feb. 15, 1946, to stockholders of record Jan. 15, 1946.

Underwriters—Kuhn, Loeb & Co.

STATE BOND AND MORTGAGE CO. on Feb. 18 filed a registration statement for accumulative savings certificates series 1217-A, $2,000,000 and investment certificates series 1305, $1,000,000.

Details—See issue of Feb. 20.

Offering—Approximate date of proposed offering March 15, 1946.

TEXTRON, INC., on Dec. 28 filed a registration statement for 300,000 shares of 5% convertible preferred stock, par $25.

Details—See issue of Jan. 3.

Offering—The price to the public will be filed by amendment.

Underwriting—To be filed by amendment.

TRI-CONTINENTAL CORP. on Feb. 21 filed a registration statement for $7,360,000 2⅞% debentures, due March 1, 1961.

Details—See issue of Feb. 27.

Offering—Price to public will be filed by amendment.

Underwriters—Union Securities Corp. is named principal underwriter.

UNION WIRE ROPE CORP. on Feb. 4 filed a registration statement for 42,000 shares capital stock, without par value.

Details—See issue of Feb. 7.

Offering—The company will offer the 42,000 shares for a period of two weeks after the effective date of their registration for sale to stockholders at the price of $15.50 per share. The shares not purchased by the stockholders will be offered for sale to the public by the underwriter at the same price of $15.50 per share.

Underwriters—P. W. Brooks & Co., Inc., New York.

UNITED STATES RADIATOR CORP. on Jan. 29 filed a registration statement for 92,344 shares of common stock, par $1.

Details—See issue of Feb. 7.

Offering—The company has granted to holders of its common stock rights to subscribe for not exceeding 92,344 shares of common at $11 per share at the rate of one new share for each 2½ shares held. Unsubscribed shares will be purchased by underwriters and offered to the public at a price to be filed by amendment.

Underwriters—White, Weld & Co. named principal underwriters.

UNIVERSAL WINDING CO. on Feb. 4 filed a registration statement for 119,400 shares of common stock, par $5 and 10,000 common stock purchase warrants. The shares registered include 70,000 shares being sold by the company, 39,400 being sold by certain stockholders and 10,000 issuable on exercise of warrants.

Details—See issue of Feb. 7.

Offering—The offering includes 109,400 shares of common on which the price to the public will be filed by amendment.

Underwriters—Reynolds & Co. heads the group.

VERITY PORCUPINE GOLD MINES, LTD., on Jan. 16 filed a registration statement for 250,000 shares of capital stock, $1 per share.

Details—See issue of Jan. 24.

Offering—The 250,000 shares are being offered at 50 cents per share.

Underwriters—The underwriter is Mark Daniels & Co., 1421 Chestnut Street, Philadelphia, Pa., who will receive a commission of 30% and 5% additional allowance to cover traveling and advertising expenses.

Registration Statement withdrawn Feb. 6, 1946.

VIRGINIA RED LAKE MINES, LTD. on June 24 filed a registration statement for 220,000 shares of capital stock, par $1 (Canadian).

Details—See issue of Aug. 2.

Offering—The offering price to the public is 60½ cents Canadian or 55 cents United States funds.

Underwriters—Willis E. Burnside & Co. New York.

YANK YELLOWKNIFE GOLD MINES, LTD. on Feb. 13 filed a registration statement for 1,000,000 shares of common stock, par $1.

Details—See issue of Feb. 20.

Offering—The offering price to the public is 30 cents per share, United States funds.

Underwriters—J. J. Carrick, Ltd., Toronto, Canada, is named principal underwriter.

YOUNG RADIATOR CO. on Jan. 29 filed a registration statement for 100,000 shares of common stock, par $1. The company is also registering 40,000 shares of common reserved for issuance upon exercise of warrants.

Details—See issue of Feb. 7.

Offering—The price to the public is $8.25 per share. Of 40,000 warrants to purchase common stock at $8.25 per share prior to Feb. 1, 1951, 20,000 were issued to stockholders on recapitalization and 20,000 are being sold to underwriters at 10 cents per warrant share.

Underwriters—The group is headed by Van Alstyne, Noel & Co.

Our Reporter's Report

Railroads have stepped to the forefront of the new issue market, at least for the time being, outstepping the public utilities, many of which are once more in a position to look over the field for interest-saving refinancings.

Union Pacific's $81,602,000 refunding operation, largest in sight immediately, went through on schedule yesterday and, as expected, two banking groups which have been ardent competitors since the ICC's rule on competitive bids went into effect sought the business.

With the high-grade bond market ignoring the unsettlement which has overtaken equities, it was expected that the Union Pacific's new loan would move quickly to investors largely, of course, institutional.

A week hence, Great Northern Railway will open bids for its projected $75,000,000 of new general mortgage bonds, of which $40,000,000 will mature in 1982 and the balance, in 2010. Bidders here are called upon to fix the interest rate and the price and, considering the size of the undertaking, it is believed hardly likely that more than two groups will be in the field.

Some time next month, according to trade gossip, the New York, Chicago & St. Louis RR. very likely will undertake to refund $41,500,000 of its outstanding debt through a new issue, while the Detroit, Toledo & Ironton is seeking authority to sell an issue of $9,628,000 of new first mortgage bonds to replace an equivalent amount of outstanding 4s.

Utility Stock Sale

Time seems to be approaching when Commonwealth & Southern Corp., which seems to have determined to retain its Southern properties under the workings of the Public Utility Holding Company Act, may begin to dispose of some of its other assets.

There is talk currently that the company may soon issue a request for competitive bids for a part of its holdings in Ohio Edison Co. common stock. Commonwealth & Southern owns all of the 1,795,847 shares of the issue outstanding and is believed considering the advisability of selling at least a portion of the total.

With this in mind it is reported that two substantial investment banking groups are being formed to bid for the stock when, as, and if it is offered for public sale.

Brooklyn Union Gas Co.

Another utility which shapes up as a candidate for a sizeable refinancing operation is Brooklyn Union Gas Co. This project may involve issuance of new preferred stock as well as bonds.

Current conjecture has it that the company, within a few months, may undertake the sale of approximately $34,000,000 of new bonds plus $10,000,000 of preferred stock.

Such a project would enable the company not only to retire its outstanding $29,000,000 of mortgage bonds and $12,000,000 of debentures, but may include as well plans for the raising of additional capital through the sale of bank notes.

Revival in Municipals

Recapitulation of the records shows that February was the best month in quite a while for the municipal new issue market.

From here in it is considered only logical to expect that financing of this character will be found more brisk as materials and labor for state and municipal undertakings become available.

Two issues, one for $18,757,000 for the Port of New York Authority and another for $15,000,000 by the Maine Turnpike Authority, contributed importantly to last month's activity.

Real Estate Bonds

The manner in which fixed-interest securities have ignored the downturn in stocks is further indicated by the behavior of the real estate bond market during the past month.

Here we find the average price of bonds showed an appreciation of 1.7% on top of the 2.50% upturn recorded in January, making it, according to Amott, Baker & Co., the 44th consecutive month of advance in this area of the investment market.

The average price of a $1,000 piece on Feb. 28 was $687 against $675 at the end of January and $307 just before the long advance started at the end of June, 1942.

Walston Hoffman to Have New Enlarged Quarters

LOS ANGELES, CALIF.—Walston, Hoffman & Goodwin about May 15 will move into new ground floor quarters at 552 South Spring Street, and will open one of the largest and most modern boardrooms and brokerage offices in Southern California.

A Message to the Securities Industry

By EDWIN POSNER
President, New York Curb Exchange

Asserting That the Reversal of Securities Price Trend Indicates Tremendous Responsibility of Members of the Industry to Investors, Mr. Posner Urges That They Make No Recommendations to Their Customers Without Comprehensive Study of the Security. Says More Small Investors Are Coming Into Market to Safeguard Their Savings Against Effects of Inflation.

The recent sharp reversal in the trend of security prices cannot help but bring home to everyone directly or indirectly associated with the investment markets the realization that a tremendous responsibility toward the individual investor rests with those engaged in the securities business. This responsibility, furthermore, will increase steadily as the differences between management and labor are resolved, a return to adequate production levels gets under way and the real test of the government's efforts to control the current inflationary tendency in our economy develops.

Edwin Posner

History has shown that following protracted warfare the nations involved have invariably experienced economic, industrial and trade upheavals which often made doubtful their economic survival. Such conditions exist in many of the nations of the world today in the wake of the most extensive and destructive war ever waged, and many of these countries are in the grip of the inflationary wave which wartime conditions always foster.

Deficit spending by our own government during the 1930's and prior to our becoming involved in World War II was aimed at counteracting deflationary forces then at work. Not only was the deflationary trend halted but the processes of inflation were encouraged and have continued to be stimulated throughout the war by the huge expenditures essential to the prosecution of the war and the resultant amassing by the public of large amounts of ready cash.

The difficulty this country is presently facing in its efforts to combat inflation is the effecting of a peaceful and smooth transition on part of industry from wartime production, which concentrated primarily on the tools of war, to a normal peacetime production of civilian goods for which there is now an unprecedented demand. Government price controls, sound enough in theory, have tended when combined with increase production costs to hold industry in check by eliminating the opportunity for profit normally enjoyed in the past by American enterprise. It may be said, however, that there appear to be influences at work in sufficient strength to encourage the belief that a higher price level is inevtiable.

While we recognize the importance of the revival of activity in the capital markets of the country as an evidence of healthy public interest and confidence in the return of American industry to profitable operation, it is now clearly apparent that the pressure of inflationary forces at work is making itself felt in the securities markets.

Unable to spend available cash for homes, household goods, automobiles and other products for which a vast reservoir of demand has piled up during the war, the public has turned to the purchase of securities as one means of combatting the decreasing purchasing power of money. Sensing the current inflationary trend, in fact impelled by discussions on all sides of the possibilities of a disastrous inflation, the public has naturally sought to hedge against such a development through the acquisition of real estate, commodities and seccurities. The prospect of higher living costs due to higher prices in a period of inflation makes security investment appear desirable to the man with savings in the bank as a protection against the decline in the purchasing power of his money. As a result more and more inexperienced small investors are coming into the market and will require investment advice.

Today, with the investing public anxious to buy and with future developments uncertain, the securities industry must assume for itself the definite and responsible assignment of assisting all efforts to control inflationary tendencies by every mean at its disposal. Restraint should be our watchworld in discussing investment possibilities with the public. A policy of conservatism should pervade our dealings on the exchange and our discussions with the investor and the public.

I cannot emphasize too strongly that no recommendation should be made to a prospective investor which is not preceded by a thorough analysis of the security and by a comprehensive study of the appropriateness of the security for the investor's needs. Such analysis must also be accompanied by a careful consideration of all current basic conditions. Every individual associated with the securities business, not only those of us engaged in the operation of the securities markets but those active in every other phase of the industry, must recognize and assume this weighty moral responsibility toward the investing public or bring ultimate discredit to the industry and fail those who trust and rely upon us for advice. By doing so we assure a prosperous future in a peacetime era for our securities markets.

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Illinois Securities Section on pages 1350 and 1351.

Final Edition

ESTABLISHED OVER 100 YEARS

In 2 Sections—Section 2

The COMMERCIAL and FINANCIAL CHRONICLE

Reg. U. S. Pat. Office

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Observations . . . .

By A. WILFRED MAY

Chester Bowles' week-end "blue-printing" of bulge-in-the-line wage-price policy unfortunately affords no word of reassurance whatever in the area of profits. In the first place, Mr. Bowles' question-and-answer lesson clearly reaffirms OPA's intention of fixing prices on an *industry-wide*, instead of an individual company, basis. The result will be that whereas large and strong enterprises may be able—at least temporarily—to withstand 15-20% wage increases, and industrial giants like General Electric can dissipate savings to meet profitless price ceilings, the burden will prove devastating to the segment of the relatively weak and inefficient companies. Thus corporate Big-ness is being unwittingly furthered.

The professed intent of setting ceiling prices to yield profits equaling those in the 1936-'39 period is both inequitable, and constitutes a harbinger of general weakness in corporate financial stability. This technique compensates the property-owners in amounts (as a maximum) which they received when the operating volume of many industries, like steel, were but half that existing now. Extraordinarily high reconversion activity now may enable business to withstand inflated costs, but a squeeze must inevitably follow when volume declines. The steel business, whose break-even point is now 75% of capacity, typifies the largely inflexible rise in costs which has permeated all industry. In the years 1936-1939, which has been chosen as the "base period," the earnings of American corporations, as indicated by Treasury Department as well as National City Bank compilations, were considerably lower than in either the years following or during the "normal" 1926-1929 base. That 1936-1939 did not quite constitute a halcyon period is further evidenced by the fact that 60% of American business then operated in the red. Furthermore profits are to be calculated before, not after, taxes—and, as the corporate income tax has since the base period risen from 17% to 38%, the earnings actually available for distribution will be even further reduced.

Looked at broadly, the policy of imposing a relatively low ceiling on earnings in good times, constitutes a "heads-you-win-tails-I-lose" technique, as would a permanent high excess profits tax.

* * *

Recent stock price movements strikingly reflect the greatly increasing market illiquidity, induced by the elimination of credit-extension on stocks, and by the tax statutes. The long-term increase

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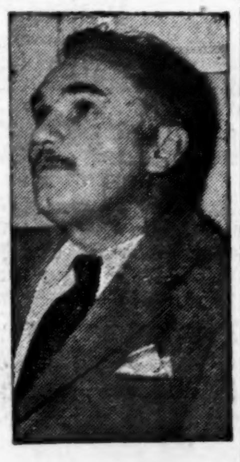
From Washington Ahead of the News

By CARLISLE BARGERON

The "Commercial and Financial Chronicle" told in its issue of Feb. 28, about how a bureaucrat, Chester Bowles, had maligned Henry Ford. Before a Congressional Committee, Mr. Bowles, who has up until this time succeeded in overpowering the members of Congress with statistics on how American business is doing much better now than it ever did before, and who therefore embarrassed the Congressmen who were getting letters saying they were being crucified—up until this Mr. Bowles was really going very hot. It was the old question of 435 ordinary members of the House, people who had been selected by their fellow Americans to come up here and represent them, not being able to cope with a smart fellow who had a lot of statisticians and economists around him. The members of Congress, of varying degrees of ability, but nevertheless, men who have been selected by their communities to speak for them at the seat of Government, could not possibly have with them the statisticians and economists which Mr. Bowles might have and which they have voted him appropriations to pay for.



Carlisle Bargeron

This is the situation between the duly elected representatives of the American people and the men who graduated from big schools and who now make mockery of that very Congress which gave them existence. A lot of members of Congress, the majority of them, have been to college, but they thought that that was but a means to an end. Their assumption was that with this college equipment it was up to them to get out and do something in the world. But they are, the elected people of America, now confronted, and have been for a long time in the past, been confronted with these other fellows who went to college and are still working at it. In other words, the members of Congress who went to

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Warns of Falling Interest Rates

Lewis W. Douglas, President of Mutual Life of N. Y., Says It Cost Policy Holders a Quarter Billion Annually in Dividends and Increases Premiums Charged Policy Holders.

In the 103rd Annual Report of the Mutual Life Insurance Co. of New York, Lewis W. Douglas, its President, calls attention of policyholders to the adverse effects of declining interest rates on the business of life insurance.

Lewis W. Douglas

"It is because every phase of a life insurance company's operations is affected adversely or beneficially as the interest rate falls or rises," Mr. Douglas pointed out, "that a discussion of interest rates is introduced as a prologue to this report. The attention of policyholders of the company has been called to this problem each year since 1940."

"The interest rate, under conditions as they prevail today," he continues, "is one of the most significant, if not the most significant, factor in the operations of a life insurance company, because to it, the amount of dividends and the cost of insurance are irrevocably tied.

"Companies may, by changing their investment policy, temporarily aggravate or mitigate the critical nature of the problem created by falling interest rates. But no modification of policy can permanently provide an escape from the grave consequences aris-

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GENERAL CONTENTS

Editorial

*These items appeared in our issue of March 11, on pages indicated.

The Financial Situation

No Samuel Weller of the Bowles-Wyatt-et al entourage is likely to have occasion to give voice to the Pickwickian cry: "Why warn't there an alleybei." Most of these Washington figures have long ago learned to be ready with their "explanations," their "cross suits" as it were, and their "counter offensives" as a means of "saving face" and, incidentally, their tenure of office, when their assurances to the public, to say nothing of their own confident expectations, prove without solid foundation. It was, therefore, fully to be expected that strange reasons for the endless and apparently unending shortages of the day would be forthcoming in due time.

At any rate they are now appearing, and strange they certainly are. For some little time the restless consumer has been fed soothing syrup in the form of announcements of price adjustments in the textile and certain other industries which, we were and are assured, will have the effect of greatly enlarging the production of sundry items wanted by a great many and to be found in very limited quantities, if at all, in the markets of the country. Of course, this is a rather old story often heard during the past year—each time to remedy a situation which the last such announcement was to have brought to an end without delay, but the public is apparently expected still to take some stock in it, particularly when as much is made of it in official circles as was the case during most of last week, for example.

Wonders Never Cease

But—will wonders never cease?—none other than Mr. Bowles himself comes to the microphone at the end of the week to inform the public that, after all, price control, price ceilings (which have just been adjusted to make certain

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Issues Statements on Wage-Price Policy

Bowles Gives Views and Issues New Wage and Price Regulations. Promises Speedy Decisions Will Be Given on Wage and Price Adjustments Where Needed. Says Industry Can Move Ahead Without Fear of Losing Money, and Forecasts an All-Out Production Needed to Lick Inflation. Lists Series of Questions and Answers

Chester Bowles, Economic Stabilization Director, on March 10, issued a statement on the Administration's new wage-price policy and released at the same time a new set of regulations regarding price and wage adjustments. In his statement, Mr. Bowles assured industry that it need not fear losing money under the present plan of wage and price adjustments and he promised that all Government agencies will speed up decisions relating to the new stabilization program. He expressed the view that the new regulations issued by his organization "are a practical step toward a future of sustained prosperity" and will be successful in "licking inflation."

Chester Bowles

The text of Mr. Bowles' statement, together with the new supplementary wage and price regulations follows:

The thing we Americans need more than anything else right now is confidence. The war taught us that we have vast productive capacity. We know, too, from five years of experience with the greatest inflationary pressures in history, that the cost of living can be and has been kept in line.

We can see ahead the greatest chance this country has ever had for a long-sustained period of full production, with handsome returns for our industries and our farms and good-paying jobs for everyone willing to work.

Yet our progress toward that goal is being delayed by fear and doubt and blind self-interest. Those are the bottlenecks we must break.

I believe that in the new wage-price policy set forth today the American people have a blueprint that can rid our economy of those bottlenecks and clear the

(Continued on page 1404)

Who Killed Cock Robin?

"For two or three months after V-J day the prospect for rapid reconversion of the war industries, and for early volume production of needed civilian goods, was bright beyond all expectations. The problems of plant clearance and changeover and of settlement of war contracts were handled more effectively than most people believed possible. Unemployment never appeared in the predicted volume. There was reason to think that the automobile industry and the consumer durable goods industries in general would be under strong momentum by the turn of the year and moving toward full production by Spring. . . .

"Meanwhile, however, the conditions which have led both to curtailment of production and to increases in costs were developing. Mistaken fears of deflation and depression led the Government to support demands for large wage increases and other measures to 'maintain purchasing power.' This support was expressed publicly by high officials and even more concretely by memoranda from government departments 'demonstrating' that large wage increases could be paid without advancing prices. Union demands have been strengthened, disturbances have followed, and they have fallen with blighting force on the bright reconversion prospect. Production has been stopped in many plants and wage costs have been increased in virtually all. . . .

"The practical test of the wage increases is now going on. It is seen that in some industries, including steel, cotton goods and meat packing, overall price increases have had to be authorized. Evidently increases will be necessary in other cases. As the issue comes to a head, those who are denouncing producers for seeking and the OPA for permitting a bulge in the price line might well ask themselves two questions. Where is the primary responsibility for the inflationary trend to be found? Second, who can contribute more to economic welfare under these conditions — the manufacturer who seeks cost-price relationships which will permit him to produce at capacity, or an agency which, however excellent its motives, would perpetuate cost-price conditions making production unattractive and unprofitable and thus shutting it off?"—The National City Bank of New York.

And the answer? Who could doubt its nature?

Senators Ask for Balanced Budget

15 Members Join With Senator Byrd in Issuing Statement Urging Members of Congress Support the Movement.

A statement advocating a balanced budget for the Federal Government in fiscal 1947 and subscribed to by a bi-partisan group of Members of Congress from both Houses was released in Washington, D. C., on March 4. Subscribers to the statement included: Senator Bridges (N. H.), Byrd (Va.), Taft (Ohio), Tydings (Md.), Vandenberg (Mich.), Walsh (Mass.) Wherry (Neb.) and Wallace H. White, Jr., (Maine); and Representatives Cox (Ga.), Doughton N. C.), Halleck (Ind.), Knutson (Minn.), Martin (Mass.), Taber (N. Y.), Whittington (Miss.), and Woodruff (Mich.)

Harry F. Byrd

The statement read: "The following Members of Congress believe that the Federal budget, for the period beginning July 1, 1946, and ending June 30, 1947, should be balanced. This can be done.

"We cannot afford to spend money we do not have. We cannot afford to continue war agencies overdue for demobilization, or war functions of doubtful value in civil agencies. The Federal structure needs rebuilding for peace now, and from the ground up. We cannot afford, nor do we need at this time, in view of the widespread opportunities for employment, such things as the biggest public works program in our history or a general Government expenditure almost twice prewar 1939. Every dollar we spend now must be justified by overwhelming proof of its need.

"Every deficit dollar which the Federal Government spends adds to inflationary pressure. Every foot of lumber, piece of pipe, yard of material which the Federal Government buys unnecessarily increases the civilian shortage of such items. Every hour of unneeded manpower which the Federal Government uses next year will be taken away from industry, will lengthen its struggle to bring production up to the level of demand. Under such circumstances we should not spend a penny for men and materials beyond our absolute needs.

"The proposed budget contains $11.8 billion of commitments and guarantees and $23.3 billion of other spending of which $17 billion appears now only as tentative estimates without detail. A determined Congress, with citizen backing, can find the cuts needed for budget balancing among the items in that $23.3 billion total.

"This year has been called 'the year of decision.' For the first time in 16 years of budget deficits, the American people have a chance to make a clean-cut decision on the spending policy of their Federal Government.

"We urge Members of Congress and citizens who believe in a balanced budget to support now, every move to put the United States on a sound fiscal basis. Only if that is done can our country successfully discharge its obligations."

House Passes Amended Housing Bill

The Patman Emergency Housing Bill, which, as introduced, was designed to carry out the Administration's program to build 2,700,000 homes for veterans during the next two years under the plan projected by Housing Expediter Wilson Wyatt, was finally passed by the House, 357 to 24, on Mar. 7, after a week of debate, but in a much amended form. The measure as passed is stripped of provisions for construction subsidies and price ceilings on existing housing, in spite of repeated efforts of Administration supporters to retain the original recommendations for the legislation.

The Administration had put up a vain fight for a $600,000,000 subsidy provision which President Truman had described as "the very heart" of his program, but as the Associated Press reported from Washington, all mention of Government subsidies to spur construction was absent from the bill in its final form. The Administration also regarded as important to the success of the program the placing of price ceilings on existing homes.

The provisions which the House-passed measure does include, as enumerated by the "Wall Street Journal," are:

Puts price ceilings on newly built homes.

Calls for channeling of building materials into low cost homes for veterans.

Adds $1 billion to the mortgage insurance capacity of the Federal Housing Administration.

Creates an Office of Housing Expediter, giving the expediter all the wartime authority of the President regardless of what happens to the original laws conferring those powers.

Expiration date of the housing bill's authority would be June 30, 1947.

Housing Expediter Wyatt's reaction to the bill as amended was that it would not achieve the goal of 2,700,000 new homes. However, the Associated Press pointed out, that the fact that the subsidy fight would be renewed in the Senate was indicated when Senator Kilgore (D-W. Va.), in a statement assailed the House action as a "serious blow to the nation's economy." He accused the Republicans and "short-sighted Democrats" of having "seen fit to vote down a proposal intended to help our homeless veterans and their families obtain decent housing."

On March 7 Senator Barkley said that the Administration will fight to restore $600,000,000 in subsidies when housing legislation is considered by the Senate. Noting this the Associated Press Washington accounts on that day added:

He talked with reporters at the White House after Congressional leaders had conferred with President Truman. The House rejected subsidies on building materials and another key feature of the President's housing program — ceiling prices on old dwellings.

The Government was busy also rushing final touches on a new order designed to slash commercial and industrial construction so that more homes can be built.

Senator Barkley made it clear that Administration forces would attempt to revive all features of the original housing bill asked by Mr. Truman, but he said the major effort would be behind the subsidy payments.

Truman Pleads for Spiritual Revival

President Tells Council of Churches the Gigantic Power of Atomic Energy Must Be Matched by Spiritual Strength if World Is to Survive. Says Forces of Selfishness and Greed Are at Work Disturbing Peace at Home and Abroad and That Greedy Interests Are Opposed to Price Controls. Urges Aid in Housing Program and Says U. S. Will Support UNO Charter.

On his return from Fulton, Mo., where he introduced Winston Churchill in his address on "The Sinews of Peace," President Harry S. Truman stopped off at Columbus, Ohio, and delivered an address to a special meeting of the Federal Council of the Churches of Christ in America. The President, in the course of his remarks, pointed out that forces of selfishness and greed were at work in the world, and that spiritual awakening was essential to match the gigantic power of atomic energy.

President Truman

The text of President Truman's address follows:

Friends of the Federal Council of Churches of Christ:

I like to consider this conference, to which you have so kindly invited me, as one which represents no one particular sect or creed, but rather as one which represents the spirit of religion as a whole. We are a people who worship God in different ways. But we are all bound together in a single unity—the unity of individual freedom in a democracy.

We have just come through a decade in which forces of evil in various parts of the world have been lined up in a bitter fight to banish from the face of the earth both these ideals — religion and democracy. For these forces of evil have long realized that both religion and democracy are founded on one basic principle, the worth and dignity of the individual man and woman. Dic-

(Continued on page 1403)

Class I RR. Gross Earnings $110,040,291 Lower in January—Net Off Over $8,000,000

The Class I railroads of the United States in January, 1946, representing a total of 227,806 miles, had an estimated net income, after interest and rentals, of $31,000,000 compared with $39,048,188 in January, 1945, according to reports filed by the carriers with the Bureau of Railway Economics of the Association of American Railroads and made public March 8. Net railway operating income, before interest and rentals, amounted to $70,848,185 compared with a net railway operating income of $76,041,453 in January, 1945. The Association further reported as follows:

For the 12 months ended Jan. 31, 1946, the rate of return on property investment averaged 3.04% compared with a rate of return of 3.97% for the 12 months ended Jan. 31, 1945.

The earnings reported above as net railway operating income, represent the amount left after the payment of operating expenses and taxes, but before interest rentals and other fixed charges are paid. Property investment is the value of road and equipment as shown by the books of the railways including materials, supplies, and cash.

Total operating revenues in January, 1946, amounted to $640,871,880 compared with $750,911,171 in the same month of 1945, a decrease of 14.7%. Operating expenses in January, amounted to $490,059,355 compared with $530,045,245 in January, 1945, or a decrease of 7.5%.

Thirty-nine Class I railroads failed to earn interest and rentals in January, 1946, of which 19 were in the Eastern District, seven in the Southern Region, and 13 in the Western District.

Eastern District

Class I railroads in the Eastern District in January, 1946, had an estimated net income, after interest and rentals, of $10,000,000 compared with $8,324,598 in the same month of 1945.

Those same roads in January, 1946, had a net railway operating income, before interest and rentals of $24,134,612 compared with $26,405,418 in the same period in 1945.

Operating revenues of the Class I railroads in the Eastern District in January totaled $280,962,740, a decrease of 10.4% compared with the same period of 1945, while operating expenses totaled $226,317,688, a decrease of 7.7% below 1945.

Southern Region

Class I railroads in the Southern Region in January, 1946 had an estimated net income, after interest and rentals of $6,000,000 compared with $9,573,072 in the same period of 1945.

Those same roads in January had a net railway operating income, before interest and rentals, of $11,046,640 compared with $13,924,312 in the same period of 1945.

Operating revenues of the Class I railroads in the Southern Region in January totaled $89,876,835, a decrease of 20.7% compared with the same period of 1945, while operating expenses totaled $67,829,945, a decrease of 6.1% below 1945.

Western District

Class I railroads in the Western District in January, 1946, had an estimated net income, after interest and rentals, of $15,000,000 compared with $21,150,518 in the same period of 1945.

Those same roads in January had a net railway operating income, before interest and rentals, of $35,666,933 compared with $35,711,723 in the same period of 1945.

Operating revenues of the Class I railroads in the Western District in January, 1946, totaled $270,032,305, a decrease of 16.6% compared with the same period in 1945, and operating expenses totaled $195,911,722, a decrease of 7.9% below 1945.

CLASS I RAILROADS—UNITED STATES

Month of January—	1946	1945
Total operating revenues	$640,871,880	$750,911,171
Total operating expenses	490,059,355	530,045,245
Operating ratio—per cent	76.47	70.59
Taxes	63,217,642	130,462,486
Net railway operating income (before charges)	70,848,185	76,041,453
Net income, after charges (estimated)	31,000,000	39,048,188

The State of Trade

A gradual rise characterized the trend of overall industrial production last week and new orders were accepted cautiously in view of the limited supplies of raw materials, strikes and the possibility of adjustments in price ceilings presenting many producers with future delivery problems. A 4% decline in unemployment compensation claims was noted for the week ending Feb. 23 over that of the preceding period.

Weighing the effects of strikes on the nation's economy it was apparent the past week that purchasing power, that component of trade so essential to the economic well-being of our country, is showing some signs of diminishing. According to current reports, the estimated financial loss to labor and industry in the General Motors strike alone now amounts to approximately $1,000,000,000. In arriving at this sizeable sum, authoritative sources set the loss to industry in unfilled orders at $600,000,000; to labor in unearned wages, $150,000,000; to car merchandisers in new car sales commissions, $150,000,000; cost of idle plant maintenance, salaries to engineers whose work has been limited by the strike, lost commissions on used-cars sales, etc., $100,000,000.

The General Motors Corp. wage dispute is also affecting the output of other car manufacturers dependent upon it for parts and equipment, and thus, the earnings of their workers and the sales commissions of their retailers are suffering by it. In terms of units lost, the automotive industry expected to produce a total of more than 1,250,000 vehicles up to the present time, but have instead attained a figure around 200,000 units, principally for salesroom display purposes both at home and abroad. The resultant losses, these sources state, are included in the overall estimate of the longest and costliest work stoppages in automotive-industry history. The above loss in purchasing power when applied to industry as a whole takes on greater significance.

The large untapped purchasing power and pent-up demand heard spoken of so often in the past may well have to undergo some revision in the light of the nation-wide epidemic of industrial wage disputes that the nation has fallen heir to as an aftermath of the war. These strikes are causing war-time savings and bonds to be channeled into trade to buy the necessities of life and will, given sufficient time, create a substantial dent in the country's ability to buy. However, according to the March Business Bulletin of the LaSalle Extension University of Chicago, "consumer buying is likely to remain high because incomes are large in spite of reductions in the earnings of strikers. Savings are also at a peak and, although they are not well distributed among all income groups, they will provide considerable purchasing power as long as people remain in the buying mood. A change in public psychology would quickly affect retail sales, although income payments to individuals have come very close to keeping pace with the rise in consumer spending."

There will be a large demand in the future for goods now in process of production and contemplated, since many necessary articles familiar to American life have long been missing from the scene and needs must be replaced. How long industry will take to satiate this demand before a recession sets in is open to question, but American resourcefulness being what it is will meet the challenge.

Steel Industry — In the short space of three weeks recovery in steel output has gone far beyond previous estimates made by steel officials, placing the steel ingot rate the past week at only a few points from the pre-strike level. Difficulties in obtaining new labor recruits have evaporated in some areas and there is a definite trend towards a rate of operations which will go beyond the recent highs of 83%, according to The Iron Age, national metal-working paper, in its survey of the steel trade.

Casting a shadow over the outlook the past week of more and more steel production was the distinct possibility of a nationwide soft coal shutdown on April 2. The nature of the demands which John L. Lewis will make upon the coal industry are so packed with dynamite, states the magazine, that little headway is expected to be made in the 10 days between the meeting of the two groups and the deadline set for the strike.

The most explosive item on Mr. Lewis' list will be the one calling for the organizing of supervisors into the United Mine Workers Union. This touchy factor was at the base of the coal shutdowns last October when millions of tons of coal were lost to the steel and other industries. It is a foregone conclusion that the coal operators will in a united front give a blunt "NO" to any request for organizing the supervisory forces in the coal mines. This stand will be made unmistakably clear even before negotiations between the union and the coal operators begin, The Iron Age adds.

With reports indicating that the UMW will attempt to keep the present high take-home pay with a normal 35-hour week, it is obvious that the steel industry will face added costs when the controversy is finally settled. Aside from this factor a coal strike, which is now well within the realm of probability, would, if it lasted more than three weeks, cause a substantial portion of the steel industry to reduce its steel operating rate. Coal and coke supplies are low in the steel industry and the forcing down of blast furnaces because of lack of fuel would cut sharply into steel-making.

The past week the steel industry was busy digesting the various price changes which were assigned on March 1 to most of the steel products on the steel price lists. Price increases range from $2 to $3 on semifinished steels to as high as $12 a ton on some specialty items. The majority of the increases, however, were between $4.50 and $6 a ton and the total average worked out about 8.2% for all products.

On paper nonintegrated steel producers were afforded relief through a broader spread between the price of semifinished and finished steel products, the above authority notes. Some steel sources, however, were of the opinion that since the price increase on semifinished steel was so low it might be more difficult to obtain. These sources claim that there would be little incentive for producing large quantities of semifinished steel.

On the other hand many large steel companies during normal times need an outlet for their semifinished steel supplies and as a result built up good trade relations with the smaller nonintegrated companies. Over the long pull it may be expected that these relationships will be re-established, but it does appear that semifinished steel will be a tight item in the near future.

The American Iron and Steel

(Continued on page 1407)

Pres. Truman Urges Loan to Britain—Senate Committee Opens Hearings

The Administration has thrown its weight behind the proposal to extend a loan of $3,750,000,000 to Great Britain, with President Truman declaring outright on March 4, according to Washington Associated Press advices, the alternative "is trade warfare between nations." The Advisory Board of the Office of War Mobilization and Reconversion passed a resolution approving the loan, which declared that it offered a major opportunity "to stimulate the world-wide production, jobs and markets which are essential to stable and prosperous postwar economic conditions and, thus, to world peace itself."

After he had received the Board's endorsement of the loan, the President again sought Congressional ratification. In his statement on the proposed agreement, Mr. Truman called it "good business for the industries of America, . . . for our farmers, . . . for our workers." The President said:

"Before the war, the British people were the largest single foreign customer for American goods. They bought our surplus cotton and wheat, tobacco and fruits, and our manufactured products in huge quantities.

"During the war Britain, because of lack of dollars, was forced to restrict trade mainly to the Empire and countries tied to the pound sterling. Now that the war is over, we want to do business with Britain, and Britain wants to do business with us. With this loan Britain will be able and has agreed to abolish barriers that block our mutual trade."

On March 5 hearings on the proposal to extend the loan to Britain were started by the Senate Banking and Currency Committee, and are expected to last for about two weeks. Secretary of the Treasury Fred M. Vinson formally opened the Administration's drive before the Committee for Congressional approval of the loan on the keynote that world trade war might result if the loan were denied. "Every section of this country, every sector of our economy depends in part on world trade," Mr. Vinson declared, according to the Associated Press. "The financial agreement will open the markets of England and many other countries to our exporters," he said, adding "this means more exports for our farmers and manufacturers, more jobs for our workers, more profits for business, and a higher income for all our people."

On the other hand, Secretary Vinson asserted that if Britain fails to get the loan she will be compelled by sheer necessity to line up an economic bloc of nations accounting for possibly half or more of total world imports and exports. The United States, he continued, would then be forced to form a counter bloc and the result would be economic warfare which this country probably would win but only at extreme cost.

"World trade would be destroy and all countries would suffer," Mr. Vinson said.

Senator Murdock (D. Utah) told Mr. Vinson, according to the "Journal of Commerce" on Mar. 5, that it was one thing if the loan must be made to Britain on the basis of British need, but quite another if it is a "question of Britain's being so powerful she can run the whole world." If the latter is correct, Senator Murdock argued, this country ought not to reenforce Britain's position by providing her the loan. What happens, he asked, if Britain uses the $3,750,000,000 and comes back later threatening to withdraw into a closed bloc?

The "Journal of Commerce" added:

Secretary Vinson explained that Britain prefers to pursue liberal trade practices, but that war-time disinvestment of overseas assets had deprived her of some $1,000,000,000 of net foreign exchange income annually, while war needs resulted in the accumulation of a $13,000,000,000 foreign debt. He said it was not Britain's strength but her weakness that made the loan essential and would, in the alternative dictate Britain's resort to restrictive economic defenses.

Secretary Vinson on March 6 told Senators that the fact Britain didn't pay her World War I debt "provides no basis" for expecting default on a proposed new loan. From the Associated Press we also quote:

"Senator McFarland (Dem.), Arizona, was told by Mr. Vinson that the World War I debt of Britain to the United States, now grown to $6,491,614,782 by the piling up of interest charges, is still on the books.

"Mr. McFarland said he was suggesting that bases turned over to the United States by the British during the war on a 99-year lease arrangement be transferred permanently.

"We ought to have permanent rights to bases we built on British soil," he said. The Press advices likewise said:

"Secretary Vinson testified that 'just as a loan' the proposed $3,750,000,000 credit to Great Britain would not be a good business proposition.

"He made the statement under questioning by Senator McFarland of the Senate Banking Committee.

"I say it is a contract under which we get benefits greatly in excess of the money in volved," Mr. Vinson said. He had previously told of Britain's plans to drop trade restrictions in the world market.

Senator Taft (R. Ohio) referred to a section permitting Britain to waive interest payments when there is a "severe depression" in world trade. He said waiving clauses appeared to be feeble.

Mr. Vinson said he expected the principal to be paid in full and that he believed Britain would "look with grave care" on any plea of waiving interest payments.

On March 6 Assistant Secretary of State William L. Clayton added his voice to the Administration's arguments in favor of the loan. Mr. Clayton warned, according to a dispatch from Washington to the "Wall Street Journal," that the economic warfare which Secretary Vinson had predicted if the Bill were not passed would lead to friction between the United States and Britain on the security council of the United Nations and endanger the success of that organization.

Senator Robert A. Taft whose attitude regarding the loan has been inquisitive and critical, asked Mr. Clayton whether Britain gave any assurance that she would, in addition to removing exchange controls, permit her postwar trading to be carried on by private individuals instead of by the Government. The "Wall Street Journal" went on to say:

"Mr. Clayton answered there was no such assurance but that the State Department believed Britain could return to private trading if granted the credit sooner than if not. Sen. Taft then suggested that Britain's socialist Government could continue to discriminate against the United States in foreign trade even if it removed its wartime controls, as long as it decided where and how much the United Kingdom should buy and sell.

"British adherence to the U. S. trade proposals, already agreed to in a joint statement, precluded this type of discrimination, Mr. Clayton said."

On March 7, according to the "Journal of Commerce," Secretary Vinson during another session before the Banking Committee, denied suggestions that funds to finance $3,750,000,000 British loan would have to be raised by borrowings from the banking system and thus increase inflationary pressures here. The "Journal of Commerce" further said:

"In the course of his statement, in which he expressed the belief that the United States budget might conceivably be balanced before the end of the fiscal year 1947, Secretary Vinson said there is ample market demand for new Government securities by non-bank investors so that resort need not be made to the banks to raise the loan funds."

The White House release of March 4 containing the President's statement, which we give in part above, also said:

"The President has received from the Advisory Board of the Office of War Mobilization and Reconversion the following resolution:

"Resolved: That the Advisory Board of the Office of War Mobilization and Reconversion endorses the financial agreement with Britain, which calls for removal of barriers to trade between this country and the British Empire. The Advisory Board sees in the British agreement a major opportunity, through expanded world trade, to stimulate the world-wide production, jobs and markets which are essential to stable and prosperous postwar economic conditions and, thus, to world peace itself."

This resolution was signed by the following members:

"Public—O. Max Garner, Under-Secretary of Treasury, Chairman; Chester C. Davis, President, Federal Reserve Bank of St. Louis; Mrs. Anna M. Rosenberg, Chairman, New York City Veterans Service Committee.

"Agriculture — Edward A. O'Neal, President, American Farm Bureau Federation; James G. Patton, President, National Farmers Union.

"Industry — Nathaniel Dyke, Jr., Assistant to the Chairman, Federal Deposit Insurance Corporation; Eric A. Johnston, President, United States Chamber of Commerce, and President, Motion Picture Association of America; George H. Mead, President, the Mead Corporation (paper), Dayton, Ohio.

"Labor—T. C. Cashen, President, International Railway Switchmen's Union of North America; William Green, President, American Federation of Labor; Philip Murray, President, CIO."

The resolution was transmitted by John W. Snyder, Director of War Mobilization and Reconversion.

Truman Names Fact-Find'g Board in Rail Wage Dispute

President Truman on March 8 appointed Leif Erickson (former Justice of the Montana Supreme Court), Frank M. Swacker (New York lawyer) and Gordon S. Watkins (Economics Department of the University of California) as a three-man fact-finding board to inquire into the dispute between the locomotive engineers and trainmen and the nation's railroads, according to an Associated Press dispatch, which added that "the naming of the board will automatically under custom, defer for 30 to 60 days a progressive walkout which the two railroad brotherhoods had scheduled to start on March 11."

The Financial Situation

(Continued from first page)

that we shall have some of the things which have long been "cheap" but non-existant) really have had nothing at all to do with inordinately low production, or no production at all, of these textile goods and of building materials. The real fault is found in the fact that manufacturers pay such low wages! Of course, they have always paid such low wages — at least, according to Mr. Bowles —even in years past, when textiles and building materials were abundant enough, and, of course, adjustment of wages, if necessary to attract workers, as Mr. Bowles implies, can in the nature of the case be made only if the prices asked for the goods bring in enough money to pay the increases, but such considerations as these apparently have not occurred to Mr. Bowles—or else he hopes that they have not occurred to his audience.

But these and the many other *non sequiturs* of which Mr. Bowles and the others are daily guilty seem less important to us than the fact—for fact it appears to be—that pleas for continued fiat control in Washington are making headway with the rank and file, or else they have always had more "grass root" strength than many had supposed. It is difficult otherwise to understand the tendency of so many members of Congress to "wince and relent and refrain," when the time comes to meet Mr. Bowles, and the others who argue in a like vein, with an unequivocal and unshakable "No." Whether or not the hold the determined economic planners and managers seem to have upon the people is in any very great degree a result of such specious but superficially plausible arguments as have of late been employed so freely in defense of price, and perhaps other types of extensive control over the economy, is by no means clear. It may be more largely an outgrowth of an unreasoning fear of "inflation" which the Washington propagandists have been able to instill into the minds of the great rank and file. And, naturally, every one wants to be able to command goods in quantities corresponding to the degree in which he has enlarged his ownership of dollars or their equivalent. Otherwise, of course, he loses a part of his "war gains."

Mr. Bowles Can't Do It

However all this may be, and if for no reason other than to keep the record straight, we feel constrained to set down in "straight-flung words and few" the obvious fact—for obvious it seems to us — that nothing that Mr. Bowles can do with his price control schemes will in the end make it possible for the public to keep more of its "war gains" than it could keep without such controls; that the most and the least that price controls such as those imposed by OPA will do is to interfere with the adjustment of production to the wants and desires of the people; that the notion that maintenance of price controls for some limited period of time will create conditions which make price ceilings meaningless and therefore unessential is nonsense, pure and simple, since it comes down in the last analysis to a prediction of a lower natural price level when production gets under way, and that despite unheard-of stores of "purchasing power" — perforce accumulated during the war years; and that it would be far better if we as a people could bring ourselves to face the fundamentals of this situation now, rather than to defer it from time to time, while further complications arise and further rigidities are introduced into the economic system to add to the difficulties of returning to normal conditions.

Part of a Whole

But this "crisis" in price control strategy, if such it can be termed, must not be viewed as if it were a phenomenon *in vacua.* The fact of the matter is that it is part and parcel of the more general concept of a controlled or managed economy, and must be so regarded if our attitude toward it is to be rational and wise. There are those in Washington who are determined that many of those policies shall be continued which during the war years created all this upward pressure on prices, and they fondly suppose that they can keep these policies in force without price increases if only they decree that no such increases shall occur. Whatever may be true among the rank and file across the country, a substantial part of the strength which in Washington is being marshalled in support of continued price control stems from the knowledge that current official policy must inevitably place still greater upward pressure upon prices.

That this fact renders many of the assurances now being given so glibly hardly less than silly is to such minds of little or no importance. They have no real intentions of returning business to businessmen if they can help it, and they are quite accustomed to getting what they want by methods about which the least said the better. Whether Mr. Bowles, who has now become the head and front of the movement for continuation of drastic price regulation, understands all or any substantial part of all this, whether he knows it and is merely using it for his own ends, or whether he is being taken in by these wily manipulators, is not for us to say. The fact remains that the American people will again find themselves in essentially the same position when the question of further extension of price control arises. They may as well, indeed they had better, face the facts now.

House Passes Bill to Curb Petrillo

By a vote of 222 to 43 the House on Feb. 21 passed the bill designed to curb the actions of James C. Petrillo, as head of the American Federation of Musicians, AFL affiliate. The bill, to quote the Associated Press, "would outlaw the use of force, threats or other means to compel radio stations to pay tribute to unions for using phonograph records. It also would prohibit any action to require broadcasters to employ more workers than needed or to halt foreign programs or any type of non-commercial, educational or cultural offering. Violators would be subject to a year's imprisonment or a $1,000 fine, or both.

A milder measure, it is noted, had previously passed the Senate, and the proposed legislation accordingly was sent to a conference committee to adjust the differences. The Associated Press accounts Feb. 21 stated:

"Representative Lea (D-Cal.), author of the House-passed bill, predicted the Senators would go along with most provisions of his measure.

"The Senate version, sponsored by Senator Vandenberg (R-Mich.), specified only that any interference with non-commercial, educational or cultural programs would be unlawful. It did not provide penalties. Mr. Vandenberg's bill was aimed chiefly at a long-standing controversy between Petrillo's union and the National Music Corporation at Interlochen, Mich.

"Petrillo's name is not mentioned in either measure, but a House Commerce Committee report said it was directed at him, and nearly every lawmaker who spoke yesterday linked the bill to the Federation leader."

The United Press had the following to say in advices from Washington Feb. 21 regarding the House action:

"The House approved its measure after rejecting several attempts by Democrats and Republicans alike to weaken it. The House did agree, however, to restrict the provision which governs the number of employes of a broadcaster to those "he needs," not those "he wants."

"By a vote of 70 to 26, it voted down an amendment by Rep. Marcantonio which would have guaranteed members of Petrillo's union and other radio employes the right to strike in pressing demands upon management.

"Mr. Marcantonio told the House that the bill for the first time in history would make it a criminal offense for a union member to strike. For this reason, he said, the bill is unconstitutional. The House also rejected an attempt by Rep. Charles Halleck (R-Ind.) to lighten the penalty provisions.

"Several similar modifying amendments also were voted down overwhelmingly."

A reference to the proposed legislation appeared in our issue of Jan. 24, page 440.

Senate Committee Concludes Hearings on Case Bill—Seven Senators Named to Redraft Bill

Following the conclusion on Feb. 28 of the hearings by the Senate Committee on Education and Labor on a series of proposed measures for dealing with labor strife, seven Senators were appointed on March 4 to rewrite the House-approved strike control bill. Probably the most controversial of the legislation considered by the Senate Committee was the House-passed Case strikes settlement bill which drew protests during the hearings from a number of witnesses. Administration opposition against the measure was voiced by Secretary of Labor Lewis B. Schwellenbach, who, on Feb. 25, according to Washington advices to the Associated Press, told the Committee that the Case bill was "hodgepodge" legislation which might break down the established pattern of employer-employee relations. In the Associated Press advices it was stated:

The Secretary's prepared statement said the House measure has two principal objectives.

"(1) It sets up new machinery for the mediation of labor disputes.

"(2) It attempts to restrict the organized activities of workers by amending the National Labor Relations Act and the Norris-LaGuardia Act of 1932."

Then, in a detailed examination of present labor laws and practices, Mr. Schwellenbach declared that the Case bill "is definitely inferior." Part of the bill, he said, "is an open invitation to complete nullification of all remedial legislation affecting labor standards and labor relations," adding:

"I do not think Congress will allow the national policy set forth in these protective laws to be frustrated in this manner."

Instead of promoting industrial peace, the Secretary said the Case bill "may well initiate an era of industrial warfare with the power of government used to destroy labor unions."

Incident to the appointment of the seven Senators to redraft the Case bill, the Associated Press Washington advises had the following to say on March 4:

"Chairman Murray of Montana selected the Special Labor Subcommittee after telling reporters that he was not stalling Senate action on new labor legislation.

"Mr. Murray named himself Chairman of the drafting group which will include Senators Pepper of Florida, Ellender of Louisiana, Tunnel of Delaware, La Follette of Wisconsin, Ball of Minnesota and Morse of Oregon.

"Appointment of the drafting group was agreed to earlier in the day at a closed door session of the Senate committee. It will work with the House bill, sponsored by Representative Case of South Dakota, and a number of Senate labor measures upon which lengthy hearings have been held.

"Irritated at published reports that the Senate Labor Committee was determined to 'pigeonhole' the far-reaching Case measure, Mr. Murray said he had offered to send it on to the full Senate for action under a negative report.

"Other Senators said Senator Donnell of Missouri then offered the suggestion for a special drafting subcommittee and this was later modified by Senator Pepper to cover only legislation upon which the Senate committee has conducted hearings.

"The House-approved bill would set up an independent mediation board with labor, industry and the public represented. It also would permit injunctions against intimidation and violence in labor disputes and would direct a 'cooling off' period before strikes.

"Chairman Murray said the drafting subcommittee will meet on Wednesday to begin its work."

In the opinion of Lee Pressman, Congress of Industrial Organizations counsel, who testified at the Senate Committee hearing on Feb. 27, said the Associated Press, the Case strike control bill is a "new drive for a Federal anti-labor gestapo." Mr. Pressman said that the entire legislation "seethes with anti-labor animus," and, in arguing that it was not needed, added:

"The bill removes from the cognizance of local courts problems of violence and boycotts which are now adequately regulated by local law and substitutes for them a centralized Federal gestapo. . . . The Wagner Act, as interpreted by the National Labor Relations Board, contains adequate limitations on the rights of those strikers who engaged in true violence."

On the last day of the hearings, (Feb. 28) Paul M. Herzog, Chairman of the National Labor Relations Board, told the senators that there was a definite clash between the ten-year-old National Labor Relations Act and the Case bill, and stated that the two "impinge upon one another only at certain points, but where they do, the enactment of the proposed (Case) bill may lead to more difficulties than it will solve."

Counsel for the National Association of Manufacturers, Raymond S. Smethurst, however, said, in testifying before the Senate committee on Feb. 25, as reported by the Associated Press, that the NAM indorsed the Case bill's main objective, which he saw as encouraging private collective bargaining. Government activities in the field recently, he said, have reduced private bargaining to "something less than a sham." The Associated Press continued:

"Mr. Smethurst advocated court protection of employers in the fulfillment of a contract and 'not legalized black jack.' He said courts now hold that contracts are not binding against labor and that 'unions can now escape' punishment for violations.

"Senator Taft (R.-Ohio), asked about the possibility of requiring unions to incorporate. Smethurst said this would meet the question of usability but might limit the determination of responsibility."

Members of the Senate opposed to the Case legislation have predicted that it would never be reported out by the committee. Senator Murray, Chairman of the Labor Committee, on Feb. 21, according to Associated Press advices from San Diego, Calif., asserted that the bill was "an extreme measure, designed to destroy labor unions."

Truman Approves Bill Passed by Congress for Participation in UNO

The bill designed to provide for participation by the United States in the United Nations Organization became a law on Dec. 20, when President Truman signed the legislation making provision for the appointment of representatives of the United States to the UNO. The bill was passed by the Senate on Dec. 4, and by the House in amended form on Dec. 18. Because of the differences in the bills, the legislation was sent to conference; as adjusted by the Conferees the bill was agreed to by both the Senate and House on Dec. 19, the President affixing his signature to the bill on Dec. 20, as indicated above.

A reference to the Senate action appeared in our issue of Feb. 25, page 1078.

Administration Plans for U. S. Loan Aid, Exclusive of British Credit Under Discussion

President Truman transmitted to Congress on March 1 the report of the National Advisory Council on International Monetary and Financial Problems setting forth the terms of United States foreign lending policy. In an accompanying message he gave full approval of the statement which limits foreign loans by the United States to $3,250,000,000 until June 30, 1947, not including the $3,750,000,000 British credit now under Congressional consideration. The NAC said, according to a special dispatch from Washington to the New York "Times": "it is the view of the Council that the British case is unique and will not be precedent for a loan to any other country."

Summing up the United States policy statement, the "Journal of Commerce" pointed out that it was predicated on the fact that the International Reconstruction Bank will, during the 1947 calendar year, be able to take over the primary international lending role, where private investment is not forthcoming.

The "Journal of Commerce" continued, "the NAC said that the International Bank will begin lending operations in the latter half of 1946. However, since it will take time to develop a lending program, it will probably not be in a position to enter into more than a small volume of commitments this year.

"Transmission of the policy declaration to Congress at this time had as one of its main objectives removal of Congressional fears that in approving the British loan agreement, Congress would be opening the door for a flood of foreign loans which might play havoc with the domestic economy during a period of continued supply shortages and send the national debt soaring to new heights.

"In laying out the carefully circumscribed foreign lending program, the Administration stressed that the inflationary dangers in terms of the domestic supply situation, would be extremely limited. In particular, it was noted that a United States loan commitment is not the same as a foreign government expenditure here; there will be a time-lag between the commitment and the expenditure. By and large, the loans will go to employ unused productive capacity, which the elimination of war demands has already in some cases brought about.

"On the chances for repayment of the loans, the policy statement stresses the fact that in the final analysis loans must be paid in goods and services, the sale of which will be facilitated by a high level of world trade. The statement links loan repayment wth the proposals to reduce world trade barriers at the forthcoming International Commercial Conference. In addition, countries will have access to the Bretton Woods Monetary Fund; world gold production, exclusive of the United States, will add another $1,000,000,000 annually.

"Looking ahead to the time when payments on United States foreign loans would exceed new lending the NAC said this net repayment would involve an excess of United States imports of goods and services over total exports of this kind. At the same time, the council estimated that annual interest and amortization payments on the entire present and contemplated Export-Import Bank program, the British loan and the International Bank loans floated in United States markets will be less than $1,000,000,000."

The report was signed by Secretary of the Treasury Fred M. Vinson, as Chairman of the Council, which was created under the terms of the Bretton Woods legislation; by Secretary of State James F. Byrnes, Secretary of Commerce Henry Wallace, Marriner S. Ecles, Chairman of the Board of Governors of the Federal Reserve System, and William McC. Martin, Jr., Chairman of the Board of Directors of the Export-Import Bank.

In his accompanying message Mr. Truman indicated that he would soon ask Congress to raise the lending authority of the Export-Import Bank an additional $1,250,000,000, which, with the present residual margin of $2,000,000,000 would comprise the $3,250,000,000 expected "ceiling." It is known that the President is planning on a $1,000,000,000 loan to the Russian Government, which would leave $2,500,000,000 to meet the total requests of all other powers, exclusive of Great Britain.

In part the report of the Council said:

In July, 1945, the Congress, for the purpose of making loans to war-devastated areas during the period prior to the inauguration of the International Bank and for the promotion of American exports and other special purposes, increased the lending power of the Export-Import Bank by $2,800,000,000, making its total lending power $3,500,000,000. At the end of 1945 the Export-Import Bank had outstanding commitments, including money authorized for cotton loans, of $1,560,000,000, of which $1,040,000,000 was committed in the last half of 1945. The $1,040,000,000 of the commitments made during the last half of 1945 consisted of:

(A) $655,000,000 for the purchase of goods which originally had been included in the lend-lease programs to Belgium, Netherlands and France;

(B) $165,000,000 for the purchase of other goods and services necessary for the reconstruction of Belgium, Denmark, Netherlands and Norway;

(C) $100,000,000 available to various European countries including Finland, Belgium, Czechoslovakia, France, Italy, Netherlands, Poland for the purchase of raw cotton and

(D) $120,000,000 for specific export and development programs, mostly to Latin-American countries.

On Jan. 1, 1946, the Export-Import Bank had unused lending power of $1,900,000,000 for making additional commitments. In addition to the $1,900,000,000, there will be available during the fiscal year 1947 about $50,000,000 from repayment of principal and an additional sum (possibly $100,000,000) from the cancellation of earlier commitments.

Pending the effective operation of the International Bank, it has been the policy of this Government to limit loans through the Export-Import Bank for reconstruction and development to the immediate, minimum needs of the borrower. Among the factors taken into consideration in making loans of this character are: (1) the urgency of the need of the borrower; (2) the borrower's own resources; (3) the possibility of obtaining the loan from other sources, private capital markets and other governments; (4) the ability of the borrower to make effective use of the funds; (5) the capacity of the borrower to repay, and (6) the impact of the loan on our domestic economy.

It is the view of the Council that, pending the establishment and operation of the international bank, this Government can meet only a small proportion of the undoubtedly large needs of foreign countries for credits for reconstruction and development.

After careful consideration of all factors the Council has concluded that the most urgent foreign needs will involve negotiations for loans commitments by the Export-Import Bank of approximately $3,250,000,000 in the period from January, 1946, through June, 1947. This is exclusive of the proposed credit to Britain.

Since the available funds of the Export-Import Bank are about $2,000,000,000, it will be necessary in order to carry out this program to ask Congress to increase the lending authority of the bank by $1,250,000,000. Although this is a substantial increase, the Council believes that it is a minimum figure.

It is only through careful screening that it will be possible to carry out the program within the limits of the additional funds which the Congress will be asked to make available to the bank. It is the established policy of the United States Government carefully to scutinize each loan application to determine that the need is urgent and that the funds can be obtained from no other source than the Export-Import Bank. . . .

It is expected that the proposed international trade organization will play an important role in securing the international economic environment necessary for the maintenance of high levels of world trade.

The operation of the International Monetary Fund should assure the orderly functioning of a system of multilateral payments, and this will make it possible for debtor countries to convert their export surplus with any country into the currency in which their obligations must be discharged.

Fundamentally, however, the ability of foreign countries to transfer interest and amortization on foreign loans to the United States depends upon the extent to which we make dollars available to the world through through imports of goods and service, including personal remittances and tourist expenditures, and through new investments abroad.

As a last resort, the world outside of the United States has a current gold production of possibly $1,000,000,000 per year to add to their present foreign exchange reserves, which can be dipped into to insure payment.

As long as new American investment exceeds interest and amortization on outstanding foreign investment, the question of net repayment on our total foreign investment will not arise, although as individual investments are paid off the composition of our foreign investment may shift. It is impossible to prophesy when receipts on foreign investment will exceed new investment, as American investment abroad will depend on many future developments. . . .

The loan policies stated here are in full accord with the basic political and economic interests of the United States. The National Advisory Council, which was established by the Congress in the Bretton Woods Agreement Act and consists of the Secretary of the Treasury as Chairman, the Secretary of State, the Secretary of Commerce, the Chairman of the Board of Governors of the Federal Reserve System, and the Chairman of the Board of Directors of the Export-Import Bank, has the responsibility of coordinating the lending and credit programs of this Government, and of achieving maximum consistency between American Government lending and the lending operations of the International Bank.

This country is supporting the United Nations Organization wholeheartedly, and the success of the United Nations Organization depends not only on political agreement but also on economic improvement. These loans are for economic reconstruction and development. They will enable the borrowing countries to increase their own production, relieve their foreign trade from excessive regulation, and expand their trade with us.

Economic stability will foster peace. This program of foreign lending is essential to the realization of the main objective of the foreign economic policy of the United States, which is to lay the economic foundations of the peace.

Opposition to St. Lawrence Seaway

The views of witnesses opposing the St. Lawrence seaway and water project were concluded on March 1 by the Senate Foreign Relations Committee, opponents laying before the subcommittee reasons why the United States should not become a party to such an international development. Representatives of New England interests have been particularly outspoken in declaring the plan ill-advised. Henry E. Foley, representing the New England Conference in Opposition to the Seaway, was joined on Feb. 26 by Frank S. Davis, director of the Maritime Commission of the Boston Chamber of Commerce, in expressing vigorous opposition. Mr. Foley, according to Associated Press accounts from Washington, said of the entire project that it "cannot help but do more harm than good to the nation as a whole." The Associated Press likewise said:

"Chauncey J. Hamlin, Buffalo, Chairman of the Niagara Frontier Planning Board, a long-time foe of the Seaway, gave this summary of his group's opposition:

"It would be so generally ruinous to American commerce and industry, labor and capital, that its nation-wide deleterious effects would far exceed whatever claimed advantages might rebound."

"Disagreeing with proponents' claim that the Seaway could be made self-liquidating through imposition of tolls,'" Mr. Hamlin said:

"This suggestion is nothing more or less than a red herring drawn across the dams to attract a few doubtful votes and lull the justified criticism that the whole project is a colossal waste of public funds."

The railroads are a faction strongly opposed to the project. Walter J. Kelly, a spokesman for the Association of American Railroads, termed the estimate by the Department of Commerce of traffic and savings in transportation costs as "exaggerated far beyond any reasonable possibility of attainment."

The President of the American Short Line Railroad Association, J. M. Hood, said, according to the Associated Press, that need for the Seaway in the interest of national defense was an argument "wholly fallacious." He added, "The war just past has proved such slow, circuitous, seasonal and limited transportation is not adopted to the fighting of a war at high tempo."

On Feb. 28 three New York City witnesses joined those opposed to the project. James W. Danahy, Vice-President and managing director of the West Side Association of Commerce of New York City, told the committee, according to advices from Washington to the New York "Times," that if the project were as successful as its proponents asserted it would be, it would materially reduce the economic importance of New York City and thus the business of the whole country, because New York was the largest single customer of all the States.

The "Times" added, "Citing figures on losses which might be expected from the handling in the New York Port of only one imported commodity, sugar, Mr. Danahy continued:

"'Looked at from a national viewpoint, the situation might be considerably less alarming if the greater part of this lossage were to be offset by new business in other American communities'."

"Cornelius H. Callaghan, Executive Vice-President of the Maritime Association of the Port of New York, said that proponents' estimates of the traffic the Seaway would carry were 'theoretical, fantastical and erroneous.' Mr. Callaghan said that even the lighter American ships of 24-foot draft could not use the projected 27-foot channel.

"'No prudent American shipowner would operate ocean-going ships through the Seaway if it were developed,' he said, 'because of the difference in sailing conditions between salt and fresh water; that tendency on the part of ships to bob, the dangers of the narrow and tortuous channels and of fog, and the present insurance limitations. He predicted that the project's construction would destroy the American Great Lakes fleet in the face of cheaper foreign competition.'

"Charles J. O'Leary, transportation expert of the New York Produce Exchange, opposed the project as a spokesman for export grain marketers. In the marketing of such grain, he said, any saving in freight rates went not to the seller but to the foreign buyer."

Witnesses opposed to the St. Lawrence Seaway project closed their week of arguments before the subcommittee on March 1 with a New York consulting civil engineer, E. P. Goodrich, putting the over-all cost far above the figures given by supporters of the program. We quote from special advices from Washington to the New York "Times," which in part also said:

"The Senators also heard four Pennsylvania witnesses voice opposition based chiefly on fear of what the project would do to the coal industry. These witnesses were joined by Martin H. Miller, national legislative representative of the Brotherhood of Railroad Trainmen, and Lachlan Macleay, President of the Mississippi Valley Association.

"Mr. Goodrich put the cost of the project 'conservatively' at more than $660,000,000, of which the United States would provide more than $450,000,000.

"But this outlay would only permit ships using the channel 'to cruise around in the Great Lakes without coming into port,' he added, until the Federal Government spent $17,000,000 more for deepening port channels and local interests laid out another $56,000,000 to build and expand dock and related facilities at American ports."

George E. Mace, Manager of the Transportation Bureau of the Commerce & Industry Association, was also heard in opposition to the project, and M. D. Griffith, Executive Vice-President of the New York Board of Trade, in opposing the project before the commiittee on Feb. 28 said:

"Every possible expedient has been used by the proponents, first as a treaty, then seeking to have it handled by agreement, now incorporatd in the new joint resolution. We have always regarded this, to express it in modern terms, as an atomic force threatening us.

"Let us all recommit ourselves to our traditional private American enterprise system. Let us firmly and finally declare that we have no intention of 'sinking the Statue of Liberty in the International Rapids'."

Six days of rebuttal testimony —three each for proponents and opponents—in the week of March 4 were scheduled by the committee to conclude the hearings. View of proponents, previously heard, were referred to in our issue of Feb. 28, page 1136.

U. S. Acts to Avert Famine—Hoover to Survey Europe's Needs; ICC Eases Freight Movement

Former President Herbert Hoover is to go to Europe, at the request of President Truman, to survey food needs there and to see to what extent American aid is justified. Secretary of Agriculture Clinton P. Anderson announced on March 5 the acceptance of Mr. Hoover, who carried out foreign relief programs in Europe after World War I. The former Chief Executive received an urgent call on Feb. 27 from President Truman to confer on the serious famine condition threatening the war-devastated areas of the world. On March 1, Mr. Hoover arrived at the White House for a meeting with the President at which they were later joined by Secretary of Agriculture Anderson.

At the same time President Truman called upon a dozen other private citizens and officials to form a Famine Emergency Committee, of which Mr. Hoover accepted the honorary chairmanship. Active head of the group is to be Chester Davis, who was Food Administrator during the last war as was Mr. Hoover during World War I, according to Associated Press Washington advices of March 2.

On March 1, the Associated Press reported an announcement by Agriculture Secretary Anderson on the seriousness of the danger of starvation for untold millions, of which the following is an excerpt:

Americans of good will can do more and do it faster than any system of Government rationing orders. Speed is vital. It was agreed that the greatest good could be done by saving wheat and wheat products and food oils and fats.

Figures given the Committee by the Government indicate that a reduction of 25% in the present consumption of wheat and wheat products is needed. The Committee, therefore, urges that, beginning now, our people reduce their consumption of bread and wheat products. Conservation of food oils and fats now going on should be increased in every possible way.

The Committee appeals for cooperation in this program to every individual American, to every American home and to every one of the many organizations in which are enrolled the men and women of America.

Mr. Hoover's recommendations for the most immediate means for coping with the situation are to be found in the telegram which the former President sent to Mr. Anderson prior to the Washington conference, as taken from the text of the message given by the Associated Press:

The first step is for you as Food Administrator to be given complete authority over elimination of waste and unnecessary consumption, hoarding, substitution of foods, and control of exports and imports.

The second step in order to gear your organization is to determine:

(A) World need.
(B) World surpluses.
(C) Possible American surpluses.
(D) What kind of food in all cases.
(E) How much of each kind of food you can and should export from the United States without injury to public health.

I cannot adequately advise on this phase as it would require exhaustive investigations at home and abroad, and I assume you already have such information.

The third step is to constitute the State directors of the Department of Agriculture as State food administrators and the county agents as county food administrators.

The fourth step is for you to ask each of the food trade associations, such as hotels, restaurants, bakers, packers, millers, etc., to appoint emergency famine committees under some respected leader, they, together with the experts of the Department of Agriculture, to work out ways and methods of voluntary action in each of their trades to save waste, unnecessary use, to devise substitutes, and to secure the adherence of the members of the trades to this voluntary program.

The fifth step is to prepare a simple program for housewives which will eliminate waste, save unnecessary consumption and make use of substitutes. This should be a voluntary program. Your State and county food administrators should organize the women in their localities and see that food trades are fully organized also.

It is anticipated that Mr. Hoover's European survey may take 30 days to complete. He is expected to leave the United States shortly, and hopes to contact many persons who aided him in the food relief program in Europe following the first World War. It is probable that he will go to France first. Mr. Anderson stated that several persons will accompany Mr. Hoover abroad, including Dr. F. R. Fitzgerald, food allocations officer of the Agriculture Department.

In another development of the food campaign, the Associated Press reported from Washington, the Interstate Commerce Commission gave Warren C. Kendall of the Association of American Railroads broad power over the movement of box-cars to speed shipments abroad. The Associated Press added:

Mr. Kendall, Chairman of the Association's Car Service Division, was authorized "to regulate the use, control, supply, movement, distribution, exchange and interchange of cars to, from or between common carriers in the United States."

The order, effective (at 11:59 a.m. Eastern Standard Time) March 5, expires June 5 unless otherwise modified or suspended.

As the Commission's agent, Kendall can direct any railroad to accept, deliver, transport or distribute freight cars at any point where they are needed. The order applies to cars moving in intrastate and foreign commerce as well as interstate commerce. All ICC rules, regulations and practices which conflict with the order were suspended.

The Commission previously had granted priority to the movement of wheat, corn, meat and other essential foods for export and to the movement of grain from country elevators to terminal elevators.

The statement that he expected American relief food to be distributed to starving peoples abroad "without differential as to race, religion or political belief," was made by former President Hoomer at Washington on March 9, according to United Press advices, which also had the following to say:

Mr. Hoover thus answered CIO and left-wing criticism of his appointment as honorary chairman of President Truman's Famine Emergency Committee. The CIO Women's Auxiliary had accused the former President of using food as "a reactionary weapon" in his relief missions to Europe before and after the first World War. That was not the case then, and would not be now, Mr. Hoover said in an interview.

In reply to a question about the CIO criticism of his appointment, Mr. Hoover said that "if they mean we supported the democratic Governments (after the last war), we did, every one."

"We also supported all the communistic governments," he added:

Mr. Hoover was asked if the task this time was greater than after the last war.

"The demands this Government is being asked to meet now are smaller than after the last war," he replied. "But the supply is smaller. After all, we've had five years of war and the European nations are more depleted."

Business Failures in Jan.

Business failures in January were higher in number and amount of liabilities involved them in December. When compared with January a year ago, there were the same number of failures but less liabilities. Business failures in January, according to Dun & Bradstreet, Inc., totaled 80 and involved $4,372,000 liabilities as compared with 42 in December, involving $1,824,000 liabilities and 80 involving $5,883,000 in January a year ago.

All groups into which the report is divided show more failures in January then in December. When the amount of liabilities is considered, only the wholesale group had less liabilities involved in January than in December.

Manufacturing failures in January were up to 35 from 23 in December, and liabilities were up to $1,677,000 in January, from $1,141,000 in December. Wholesale failures numbered 3 with liabilities of $16,000 as against 2 with liabilities of $79,000 in December. Retail failures numbered 22 with liabilities of $245,000 as compared with 10 with $125,000 liabilities in December. Construction insolvencies in January were up to 8 from 2 in December, and liabilities rose to $155,000 in January from $107,000 in December. Commercial service failures in January were up to 12 from 5 in December and liabilities were up to $2,279,000 in January from $372,000 in December.

When the country is divided into Federal Reserve Districts it is found that the Atlanta, Kansas City and Dallas Reserve Districts had fewer failures in January than in December. The Cleveland and St. Louis Reserve Districts had the same number, while all the remaining Districts had more insolvencies in January than in December. When the amount of liabilities involved is considered it is seen that the Cleveland, Richmond, Atlanta, Kansas City, Dallas and San Francisco Reserve Districts had less liabilities involved in January than in December. While the remaining Districts had more.

Annual Banquet of Quarter Century Club of National City Bank

More than 800 members of the Quarter Century Club of the National City organization gathered at the Hotel Astor on March 12 for the tenth annual banquet which honors those of the staff of the National City Bank of New York, City Bank Farmers Trust Co. and affiliates who have served for 25 years or more continuously. Taking into consideration the overseas branches of National City, there are now 1,243 Quarter Century Club members. When the group first started, in 1937, there were only 254 members. Gordon S. Rentschler, Chairman of the Board, acted as host. Short addresses were also made by W. Randolph Burgess, Vice-Chairman and Lindsay Bradford, President of City Bank Farmers Trust Co. Charles V. Sheehan, Vice-President, who is Quarter Century Club Chairman, presided.

New Regulations Liberalizing Veterans Insurance Under Readjustment Act of 1946

New regulations liberalizing the guaranty or insurance of veterans loans under the Servicemen's Readjustment Act of 1944, as amended, were completed on March 1 by the Veterans Administration. They became effective immediately.

The new regulations, it is announced by the Veterans Administration were necessitated when the GI Bill was liberalized and broadened by Congress December 28, 1945. Allowed 90 days to draft and distribute the regulations after the Act was amended, VA completed the task 23 days in advance of the March 28 deadline. Under the new procedures, it is added VA loan guarantee forms have been materially simplified as exemplified by the fact that the veteran is normally required to sign only one legal-sized sheet once. The sole exception is one additional document in the case of a loan on delinquent indebtedness. Principal changes in the Act, as amended, the VA states, include:

1. Increase of guaranty on real estate loans from $2,000 to $4,000.
2. Extension of time in which veterans may take advantage of guarantee or insurance from two to ten years.
3. Extension of time limit on terms of payment to 25 years on real estate and 40 years on farm realty.
4. Provision for insurance of loans in lieu of guaranty of up to 15% of the aggregate of loans made or purchased by a lender. This allows a choice to both the veteran and lender, and consequently broadens the scope of credit assistance to veterans.
5. Loans made for construction may now include the cost of the lot on which the veteran intends to build.
6. Certain delinquent indebtedness may be refinanced.
7. Farm loan provisions allow for improvement of ground or buildings, construction of new buildings, and use of funds to purchase live stock and seed or for working capital.
8. Business loan provisions now allow purchase of inventory and use of funds for working capital.
9. Benefits are extended to persons on terminal leave or hospitalized pending final discharge, and persons in the military or naval service of governments allied with the United States who were U. S. citizens at the time of entering such service.

Cooperating in conferences with representatives of the major lending organizations of the nation and principal service organizations, the regulations and forms were drafted under the direction of Francis X. Pavesich, VA Loan Guarantee Service Director. Regional office loan guarantee officers were thoroughly oriented in the new procedures at three-day meetings held at convenient points throughout the country. Printing and distribution was directed by Colonel R. P. Bronson, Acting Assistant Administrator of Contact and Services.

Randolph Paul Named Presidential Aide

On Feb. 27, President Truman appointed Randolph Paul, tax expert, a special $10,000-a-year Presidential Assistant.

According to the Associated Press Washington advices, Feb. 27, the White House said that Paul will conduct negotiations for the State Department with various European nations which were neutral during the war on the subject of external German assets. These advices added:

Charles G. Ross, Press Secretary, said Mr. Paul's appointment would be effective tomorrow.

Mr. Paul, a former Treasury official, was a familiar figure on Capitol Hill for years during consideration of wartime tax bills. Recently he has been a tax consultant in private life.

Warns of Continuous Decline in Money Rates

(Continued from first page)

ing out of the inordinate decline of the interest rate over the last decade.

"Unhappily, however, there is not, in some quarters, an adequate understanding of the importance of the interest rate to policyholders and of the seriousness of the situation that the extremely low interest rate has created.

"Mutual life insurance companies base their premium rates on the assumption that a certain minimum rate of interest will be earned upon invested funds. On this basis they issue contracts that may remain in force, at fixed premiums, for long periods—in some cases 75 years or more.

"If the interest earned is greater than the amount required, there is excess interest which can be returned to the policyholders. But if the interest earned is less than the required amount, there is an interest deficiency, and earnings derived from other sources, such as mortality savings and savings in expense, must be diverted to make good that deficiency.

"During the '20s, the marked improvement in mortality and the corresponding increase in gains from that source had the effect of concealing, during the early and mid-'30s, the consequence of the interest rates when they began slowly to fall. The precipitate decline during the past 10 years, however, has created such a condition that other sources of gains must carry an ever-increasing burden and can no longer conceal the reflection of falling interest rates in the cost of policyholders' life insurance.

"The drastic decline in yield, best illustrated by the decline in the rate on long-term U. S. Government bonds during the period 1933-1945 from 4% to less than 2½%, has radically reduced the rate earned by this company, and by all insurance companies, on their invested assets. This in turn has substantially increased the cost of the life insurance protection possessed by 27,000,000 American families, because it has reduced the amount that otherwise would have been available annually for distribution to policyholders.

"Careful examination of 11 life insurance companies, selected because of the general similarity of their operations, indicates that if the interest rate had been only 1% higher in 1944, their dividends to policyholders could have been increased by at least $76,000,000. On this same basis, all companies in the life insurance business could have increased their dividends in 1945 by at least $323,000,000. The view — unhappily widely held—that low interest rates cause no harm and impose no cost to any group is, therefore, a wholly fallacious one."

Carpenter Heads Fibre Drum Mfrs. Assn.

Herbert L. Carpenter, President of the Carpenter Container Corporation, Brooklyn, N. Y., was elected first President of the National Fibre Drum Manufacturers Association at its first national convention in the Hotel Commodore in New York on March 1. Mr. Carpenter is also a member of the Board of Directors of the Commerce and Industry Association of New York.

Truman Pleads for Spiritual Revival

(Continued from page 1398)

tatorship, on the other hand, has always rejected that principle. Dictatorship, by whatever name, is founded on the doctrine that the individual amounts to nothing; that the State is the only thing that counts, and that men and women and children were put on earth solely for the purpose of serving the State.

In that long struggle between these two doctrines, the cause of decency and righteousness has been victorious. The right of every human being to live in dignity and freedom, the right to worship his God in his own way, the right to fix his own relationship to his fellow men and to his Creator—these have again been saved for mankind.

The fight to preserve these rights was hard won. The victory took a toll of human life and treasure so large that it should bring home to all of us forever, how precious, how invaluable, is our liberty which we had begun to take for granted.

Now that we have preserved our freedom of conscience and religion, our right to live by a decent moral and spiritual code of our own choosing, let us make full use of that freedom. Let us make use of it to save a world which is beset by so many threats of new conflicts, new terror and destruction.

Forces of Selfishness and Greed at Work

In our relations abroad and in our economy at home, forces of selfishness and greed and intolerance are again at work. They create situations which call for hard decisions, for forthrightness, for courage and determination. But above everything else they call for one thing, without which we are lost. They call for a moral and spiritual awakening in the life of the individual and in the councils of the world.

The last five years have produced many awesome discoveries in material things. But it has been truthfully said that the greatest discoveries of the future will be in the realm of the spirit. There is no problem on this earth tough enough to withstand the flame of a genuine renewal of religious faith. And some of the problems of today will yield to nothing less than that kind of revival.

If the world is long to survive, the gigantic power which man has acquired through atomic energy must be matched by spiritual strength of greater magnitude. All mankind now stands in the doorway to destruction—or upon the threshold of the greatest age in history. Only a high moral code can master this new power of the universe and develop it for the common good.

When the sages and the scientists, the philosophers and the statesmen, have all exhausted their studies of atomic energy, one solution and only one solution will remain—the substitution of decency and reason and brotherhood for the rule of force in the government of man.

Need for Spiritual Awakening

If men and nations would but live by the precepts of the ancient prophets and the teachings of the Sermon on the Mount, problems which now seem so difficult would soon disappear.

That is the great task for you teachers of religious faith. That is a supreme opportunity for the Church to fulfill its mission on earth. The Protestant Church, the Catholic Church, and the Jewish Synagogue—bound together in the American unity of brotherhood—must provide the shock forces to accomplish this moral and spiritual awakening. No other agency can do it. Unless it is done, we are headed for the disaster we would deserve. Oh for an Isaiah or a Saint Paul to reawaken a sick world to its moral responsibilities!

The need for this moral awakening applies to all men and women everywhere, but it applies particularly to the youth of today from whom the leadership of tomorrow will come. The aftermath of a major war always includes an increase of juvenile delinquency. Sometimes it is the fault of the boys and girls. More often it is the result of everything that is abnormal in war—including the absence of fathers and mothers in the armed forces or in business or war industries.

We shall always be grateful to the women of America, who have performed such an outstanding service to our country during war. In some cases, however, this patriotic devotion to the national interest has resulted in unavoidable neglect of children. Smaller children were taken care of through the help of the Government in child-care centers. But this could not be done in the case of older children. We are now paying the social penalty for failing to provide adequate supervision and guidance for many of our children during their formative years.

Whatever the cause, the need is now pressing and unyielding. The younger generation of today yearns for moral uplift. To the parents of the nation—and to you of the churches of God—has come the responsibility of helping them on to the right path.

Provision of Decent Homes

And one of the ways we can all help not only the youth of the nation but all men and women is by the provision of decent homes. To make up for the lag in home building during the years of the war, this country has embarked on the most ambitious civilian housing program in our history. Every possible resource of Government will be used to reach our goal of 2,700,000 low-cost homes within the next two years. Nowhere can the influence of deep religious faith and ethical living be more adequately felt than in the homes of the nation. The spiritual welfare of our people of tomorrow is going to depend on the kind of home life which our nation has today.

That is why it is so important that all churches throughout America cooperate in the "national share-the-home" effort. If each congregation of the 250,000 churches and synagogues in this country would open their spare rooms to only four veterans, one million veterans and their families could receive temporary shelter until new houses are available.

Nothing could be more helpful in reaching the goal of a decent home for every American—and by that I mean Americans of all races and religions and of all income groups — than the active cooperation and inspiration of the churches of the nation. By working in your local communities, where the primary job and responsibility lie, you can help make this program the success which it must be. For home life reflects the nation's life. It must conform to an ever-rising standard.

To raise that standard should be, and is, the constant aim of your Government and the underlying basis of its policies. It would make the effort so much easier if people and nations would apply some of the principles of social justice and ethical standards which have come down to us from Biblical times. All the questions which now beset us in strikes and wages and working conditions would be so much simpler if men and women were willing to apply the principles of the Golden Rule.

If we really believed in the brotherhood of man, it would not be necessary to pass a fair employment practices act.

Interests Greedy for Gold

If certain interests were not so greedy for gold there would be less pressure and lobbying to induce the Congress to allow the price control act to expire, or to keep down minimum wages, or to permit further concentration of economic power.

A truly religious fervor among our people would go a long way toward obtaining a national health program, a national housing program, a national education program, and an extended and improved social security program.

As among men, so among nations — nothing will do more to maintain the peace of the world than the rigorous application of the principles of our ancient religion.

We have tried to write into the Charter of the United Nations the essence of religion. The end of aggression, the maintenance of peace, the promotion of social justice and indivdiual rights and freedoms, the substitution of reason and justice for tyranny and war, the protection of the small and weak nations—by these principles the United Nations have laid the framework of the Charter on the sound rock of religious principles.

Support of UNO Charter

The United States expects to support that Charter. It expects to defend that Charter. It expects to expand and perfect that Charter. And we are confident that all the other United Nations expect to do the same.

In the crisis of global war the common peoples of all the world became bound together in a great fraternity. It was dedicated to resistance against aggression and determination to overcome the tyrants and dictators who sought to enslave. The resources of all the United Nations were pooled into one fund of power. Weapons, supplies, ammunition, equipment, ships, food—the wealth and manpower of each were dedicated to the common good of all.

Now that victory has come, that has stopped. But throughout the world there are now millions and millions of men, women and children who still look to the rich and powerful nations of the world for help. Principally they look to the people of the United States for help. Not help to fight an enemy, nor help for luxuries and extravaganees—but just help to keep themselves alive, help in the form of food and clothing, the barest necessities of life. Of course, we cannot feed them all. But we can go a long way.

As your President, I appeal to you again—and to all Americans everywhere—to prove your faith and your belief in the teachings of God by doing your share to save the starving millions in Europe and Asia and Africa. Share your food by eating less, and prevent millions from dying of starvation. Reduce your abundance so that others may have a crust of bread. In short, prove yourselves worthy of the liberty and dignity which you have preserved on this earth, by helping those less fortunate who have been starved by the dictators for so many long years and who still starve even in liberation.

Ours should be a continuous thanksgiving for the fact of victory and for the blessings which are still with us in this land. The brave men and valiant women who made this possible under God will inspire us to face our new problems with resolution. They are problems which will call for the best in us. As long as we remain true to the spirit of these men and women, to the religious faith which carried them to victory, we shall not fail.

We have this America not because we are of a particular faith, and not because our ancestors sailed from a particular foreign port. We have our America because of our common aspiration to remain free and our determined purpose to achieve for ourselves, and for our children, a more abundant life in keeping with our highest ideals.

Let us determine to carry on in that same spirit—in a spirit of tolerance and understanding for all men and for all nations—in a spirit of religion and religious unity.

Observations

(Continued from first page)

in price volatility is clearly demonstrated by a comparison of past and present activity in relation to price swings. An analysis of a group of 30 representative common stocks shows that in February, 1946, it took but 23% of the 1930-'31 volume and 42% of the 1936 volume, to move stocks up in identical proportions. Last month's market declines required only 11% of the volume which accompanied the equivalent market swing in 1930-'31, and 37% of the same price change in 1936. Considering the market as a whole, total New York Stock Exchange volume of 377 million shares in 1945 accompanied about the same price swing as did a 496 million share volume in 1936.

The newly-instituted 100% margin rule reduces liquidity in several ways. It obviously decreases volume. Again, as investment counsel and brokers testify, the elimination of credit privileges has lessened speculators' professional attitude of "bucking the market" in buying on declines and selling on advances. It is proving an additional obstacle to short-selling (along with the tax statutes and the "up-tick" trading rule) by making more difficult the borrowing of stocks. In accentuating customers' propensity to take stocks out of the market because of their being on a cash basis, the 100%-margin rule is accentuating the trouble already caused by Stock Exchange Rule 501. This rule makes it necessary for a member firm to obtain a definite authorization from a customer to lend his securities which are free, excess-margined, or held in a margin account. The availability of stock is also still being curtailed by the Securities Exchange Act's provisions requiring reporting by corporate directors and controlling persons, which—whether justifiably or not—are discouraging such individuals from supplying their own shares. The cumulative result of all these factors is that the Stock Loan crowd is getting constantly tighter.

Whereas before the 100%-margin rule went into effect only three or four stocks loaned at a premium, now from 12 to 14 issues are at a premium of $1. These include Sears Roebuck (with 23 million shares outstanding), General Motors (44 million shares), and American Telephone (20 million shares). Some Stock Exchange officials feel that the only way the Loan Crowd can be kept going is by further raising the premium rate, possibly by imposing a very high initial premium which would be decreased during the renewal period. In any event, short-sellers would be further penalized, and liquidity lessened.

The tax laws, in several aspects, have a direct bearing on the current market thinness. The barring of profits on short sales from the 25%-maximum tax ceiling which applies to gains on the upside, is a very strong deterrent to short-selling. For individuals having other income greater than $16,000, the taxing of short-sale profits at regular rates will entail their paying more than the 25%. For a speculator in a tax bracket anywhere near 50% it is obviously absurd to contribute so much of his uncertain winnings to the "tax kitty."

And any tax on speculative gains, whose cashing is subject to freedom of action, must have the effect of freezing stocks in the hands of those having accrued profits—and the greater the profit the greater the freeze. Washington informants state that Secretary of the Treasury Vinson is about to follow the Eccles line in proposing that the capital gains tax be raised and the holding period lengthened. On the other hand, Chairman Doughton of the House's all-powerful Ways and Means Committee has expressed himself as adamant for no change from the present provisions. For the sake of avoiding the much talked-about further "inflation" in the market, it is to be hoped that Mr. Doughton's way will prevail.

* * *

One very important and beneficial repercussion from the Soviet's continuing imperialist monkey-shines—as highlighted by the Churchill-Truman-Brynes-Vandenberg "appeasement-desist" pleas, is on the public's consideration of our proposed financial aid to Britain. Not only has the realization of the Russian menace prompted a shift in public feeling from opposition to support of the proposed financial agreement; but it has served to elevate the argument from the fictitous "business deal" level. It is hoped that in moving to a realistic plane of discussion, namely, in weighing the political considerations in lieu of the balance sheet factors, it is hoped that the proponents will abandon these previous arguments:

(1) That the proposed loan is in the category of a commercial proposition.

(2) That we should finance Great Britain to compete with us in the export market.

(3) That we should subsidize another customer (as Canada is doing with her loan) for our domestic market, whose inflation is already causing us so much worry.

(4) That it will bring about free multilateral trading.

(5) That we should thus "bribe" England into joining Bretton Woods—which had been represented as a means for helping rather than hurting her.

The intensified Soviet imperialism will also serve to soften the previous strong objections of the loan's opponents to the effect that by lending to Britain alone, and in seeking to insure repayment from her, the United States will become inextricably allied with her in all her political aims and disputes. This will now be true irrespective of whether the transaction is put through on a business, in lieu of a gift, basis.

Revelation of the latest figures of Great Britain's investment income, which at under 100 pounds annually, is less than half of the 1936-'38 rate, further enhances the advisability of abandoning the repayment fantasy.

Redeem Water Works Bds.

Holders of twenty-year 5½% sinking fund gold bonds due April 1, 1950, of Metropolitan Water, Sewerage and Drainage Board, New South Wales, Australia, are being notified that $101,000 principal amount of these bonds have been drawn by lot for redemption through the sinking fund on April 1, 1946, at par. The bonds will be redeemed at the principal office of City Bank Farmers Trust Company, 22 William Street.

Issues Statements on Wage-Price Policy

(Continued from first page)
way for the greatest flood of goods this great nation has ever seen.

Industry needs and is entitled to firm assurance that it will get speedy decisions on wage and price adjustments where they are needed, and that it can move ahead without fear of losing money.

Workers want firm assurance that they are free to bargain for reasonable wage increases under the wage patterns clearly established. They want assurance bargaining will be made speedily.

Farmers want assurance that their farm income will be maintained at permanently high levels so that they may have for the first time in two generations a fair share of our national peacetime prosperity.

All of us, no matter how we make our living, are entitled to know that the rents and prices we pay are not going to shoot up in the months ahead. And we have a right to expect—at prices we can afford—more durable goods, more clothing, more homes and the other things which we so badly need today.

Sustained Prosperity Seen

I believe sincerely that the new wage-price policy is a practical step toward a future of sustained prosperity. I believe that we can make the plan work to get all the all-out production needed eventually to lick inflation. In the meantime, I believe that we can continue holding the price and rent line against the kind of disastrous boom and collapse which began just about this time after the last war.

We have no right to expect, however, that this plan will work automatically.

First, every employer and every worker and every farmer must want to make it work. That means tackling the job in the same spirit in which we tackled our war job. It means a good deal of give and take—and perhaps a little sacrifice. It means a little self-control over our own self-interests; a little less scrambling to get ahead of the next fellow who may seem to have some slight temporary advantage.

Second, we need effective governmental tools to do the job. That means that the Emergency Price Control Act which expires on June 30 must be renewed very soon and without any crippling amendments. It means that we must retain for a while longer our program of subsidies to keep food prices from soaring. And it means that the OPA, the Wage Stabilization Board and the Civilian Production Administration must have appropriated by the Congress the money needed to carry this new stabilization program forward quickly and efficiently. I feel sure that Congress can be counted on to do its part in passing the Price Control Act, continuing subsidies and restoring cuts made recently in vitally needed appropriations.

No Delay in Decisions

Finally, all Government agencies involved in the new stabilization program must streamline their machinery even further and work even harder to give business men, farmers and workers fair and quick decisions. I know this is an objective on which all Government leaders agree.

The American people are determined to see that our economy works for all the people. They are determined that this fight to avert the tragedy of inflation will be won. Upon the outcome of this fight hangs, not only the value of our earnings and our savings tomorrow, but also our security and our economic and social progress for years to come.

We have the sure knowledge that there is nothing inevitable about inflation, for it would be a catastrophe of our own making. With the right spirit and the right tools we can get the production we need in the months ahead, and at the same time insure a safe, sound foundation for a healthy and prosperous economy after this emergency has been long forgotten.

Text of Bowles' Supplementary Wage Salary Regulations

The following is the text of the supplementary wage and salary regulations issued March 10 by Chester Bowles, Economic Stabilization Director:

Pursuant to the authority vested in me by the Stabilization Act of 1942, as amended, and by Executive Order 9250 of Oct. 3, 1942 (7 F. R. 7871), Executive Order 9328 of April 8, 1943 (8 F. R. 4681), Executive Order 9599 of Aug. 18, 1945 (10 F. R. 10155), Executive Order 9651 of Oct. 30, 1945 (10 F. R. 13487), Executive Order 9697 of Feb. 14, 1946 (11 F. R. 1691) and Executive Order 9699 of Feb. 25, 1946 (11 F. R. 1929), the following regulations are hereby promulgated:

SUB PART A—GENERAL PROVISIONS

Section 101. Purpose. The purpose of these regulations is to carry out the policies established in Executive Order 9599 (Aug. 18, 1945), Executive Order 9651 (Oct. 30, 1945) and Executive Order 9697 (Feb. 14, 1946) with respect to increases in wages and salaries and their relationship to prices and rent ceilings and costs to the United States. These regulations supersede the supplementary wage and salary regulations issued by the Stabilization Administration on Dec. 5, 1945 (10 F. R. 14820). They superseded all other regulations, directives or rulings of the Economic Stabilization Director, or of the Stabilization Administrator, to the extent that they are consistent with them.

Section 102. "Approved" and "unapproved" wage and salary increases. As used in these regulations, an "approved" wage or salary increase means an increase which has been approved in accordance with the provisions of Section 3 of Executive Order 9697 or of Sub part C of these regulations. An "unapproved" wage or salary increase means any other wage or salary increase. An "approved" wage or salary increase may be taken into consideration in determining price or rent ceilings or costs to the United States in accordance with the provisions of Sub part D of these regulations. An "unapproved" increase is subject to the conditions stated in Sub part B of these regulations and may not be so taken into consideration.

[Note—These regulations supersede the supplementary wage and salary regulations issued by the Stabilization Administration on Dec. 5, 1945 (10 F. R. 14820). However, Order No. 1 under Section 4001.30 of these regulations (10 F. R. 15026) and Order No. 2 under Section 4001.30 of those regulations (11 F. R. 1045) remain in full force and effect. As hereafter used in these regulations, the term "Economic Stabilization Director" includes also the Stabilization Administrator in the case of actions taken between Sept. 20, 1945, and Feb. 25, 1946.]

Section 103. What wage and salary increases are lawful.

(A) While the making of any wage or salary increase on or after Feb. 14, 1946, is subject to the conditions stated in Sub part B of these regulations, the payment of such an increase is not unlawful, except as provided in the succeeding paragraphs of this section.

(B) Pending provision to the contrary by the National Wage Stabilization Board, a wage or salary increase may not lawfully be made with respect to employes in the building and construction industry who are subject to the jurisdiction of the Wage Adjustment Board unless the increase, before being put into effect, has been approved in accordance with the applicable requirements of the National Wage Stabilization Board and of the Wage Adjustment Board.

(C) Pending provision to the contrary by the Secretary of Agriculture, a wage or salary increase subject to the wage or salary stabilization regulations of the Secretary of Agriculture is not lawful unless the increase, before being put into effect, has been approved as required by those regulations or unless the increase is permissible under the terms of those regulations.

(D) Pending provision to the contrary by the National Wage Stabilization Board, wage or salary increases for the purpose of eliminating intra-plant inequities in the basic steel industry may not lawfully be made with respect to the rates of employes covered by the Directive Order of the National War Labor Board dated Nov. 25, 1944, unless, before such increases are put into effect, they have been approved in accordance with the applicable requirements of the National Wage Stabilization Board.

Approval Essential

(E) Except as the appropriate wage or salary stabilization agency may by regulation or general order provide, no new wage or salary rates for new plants or for new departments in existing plants may be established or paid without the prior approval of such agency.

(F) The Economic Stabilization Director may, by amendment to this section, define further classes of wage or salary increases which will be unlawful unless made with the prior approval of the appropriate wage or salary stabilization agency.

Section 104. List of designated wage or salary stabilization agencies. (A) The following, for the purpose of these regulations, are designated wage and salary stabilization agencies:

(1) The National Wage Stabilization Board, with respect to wages and salaries as to which the National War Labor Board exercised jurisdiction on Aug. 17, 1945.

(2) The Commissioner of Internal Revenue, with respect to salaries as to which the commissioner exercised jurisdiction on Aug. 17, 1945.

(3) The Economic Stabilization Director, with respect to wages and salaries as to which the National Wage Stabilization Board is precluded from exercising authority by the Lea Amendment to the National War Agencies Appropriation Act of 1946. (Such cases will be transmitted to the Director by the Secretary of Agriculture.)

(4) The Secretary of Agriculture, with respect to wages and salaries as to which the Secretary exercised jurisdiction on Aug. 17, 1945.

(B) The provisions of these regulations are also applicable, to the extent authorized by Executipe Order 9299 and Section 4 of the Stabilization Act of 1942, as amended, to wages and salaries of employes who are subject to the provisions of the Railway Labor Act.

Section 105. Applications to suspended price or rent ceilings. For the purpose of these regulations the terms "price or rent ceilings" shall include price or rent ceilings which have been suspended by the Price Administrator.

Section 106. Wage increases required by certain statutes. Nothing in these regulations shall be construed to prohibit or to attach conditions to the making of any wage or salary increase required by the provisions of the Fair Labor Standards Act, the Walsh-Healey Act, or the Davis-Bacon Act.

SUB PART B—UNAPPROVED WAGE OR SALARY INCREASES

Section 201. Exceptions to prior approval provisions of Executive Order 9697. Any employer may make a wage or salary increase without the prior approval of any wage or salary stabilization agency and without prejudice to his right of applying for approval of the increase thereafter and using it, to the extent that it is approved, as a basis for seeking an increase in price ceilings or for any other of the purposes described in Section 202, if either:

(A) The employer has no present intention of using the increase as a basis for seeking an increase in price ceilings or for any other of the purposes described in Section 202, and so states in a notice describing the increase filed with the appropriate wage or salary stabilization agency within thirty days after the increase is first reflected in current payrolls; or

(B) The increase is made before March 5, 1946, in accordance with the provisions of General Order 1, issued by the Stabilization Administrator, and application for approval is filed with the appropriate wage or salary stabilization agency within thirty days after the increase is first reflected in current payrolls.

Section 202. Waiver of right to seek increased ceilings or to increase costs to the United States by institution of unapproved increases. Except as provided in Section 201, the making on or after Feb. 14, 1946, of any wage or salary increase (other than an increase approved under the provisions of these regulations) without the prior approval of the appropriate wage or salary stabilization agency shall be deemed to be a waiver, during the continuation of the stabilization laws, of any right which the employer might otherwise have to use such increase in whole or in part as a basis for seeking or obtaining an increase in price or rent ceilings or for resisting an otherwise justifiable reduction in price or rent ceilings or (in the case of products or services being furnished under contract with a Federal procurement agency) for increasing costs to the United States or (in the case of a public utility or common carrier) for seeking or obtaining an increase in rates.

Section 203. Unapproved increases excluded from consideration in determining price or rent ceilings. (A) The Price Administrator shall not take into consideration any unapproved wage or salary increases in determining price or rent ceilings. Whenever there is presented as a basis for an increase in such ceilings an operating or financial statement which reflects, in whole or in part, the results of operations during a period in which an unapproved wage or salary increase was paid, the Price Administrator shall deduct from the costs as shown in the statement the amount of the increase in payroll resulting from the unapproved increase, except to the extent that the employer affirmatively shows that the increase in labor costs attributable to the unapproved increase was less than the increase in payroll.

(B) No seller or landlord may take any unapproved wage or salary increase into consideration in determining his price or rent ceilings.

Section 204. Unapproved increases excluded as basis for increasing costs to the United States. No unapproved wage or salary increase shall be used as a basis for increasing costs to the United States. No Federal procurement agency shall agree to terminate any contract for the purpose of negotiating a new contract which will take into consideration the cost of an unapproved wage or salary increase. So far as practicable, no Federal procurement agency shall take any unapproved wage or salary increase into consideration in negotiating a fixed price contract.

SUB PART C—APPROVAL OF WAGE OR SALARY INCREASES

Section 301. Wage or salary increases which are approved without further application to wage or salary stabilization agencies. Except as provided in Section 103, any wage or salary increase of a kind described in this section shall be deemed to be approved for the purposes of these regulations:

(A) Any wage or salary increase lawfully made without specific approval or approved by the appropriate wage or salary stabilization agency before Feb. 14, 1946.

(B) Any wage or salary increase made at any time in accordance with a governmental recommendation in a wage controversy announced before Feb. 14, 1946.

(C) Any wage or salary increase made on or after Feb. 14, 1946, by an employer who at the time the increase was put into effect employed not more than eight employees: Provided, that unless expressly extended by announcement of the appropriate wage or salary stabilization agency this exception shall not apply with respect to employees whose wages, hours or working conditions have been established or negotiated on an industry, association, area, or other similar basis by a master contract or by similar or identical contracts; and provided, further, that the appropriate wage or salary stabilization agency may make such other exclusions from this exception as it may deem necessary to carry out the purposes of Executive Order 9697.

(D) Any wage or salary increase made on or after Feb. 14, 1946, resulting from the institution of a plan which provides for (1) not more than six paid holidays per year, or (2) extra payments for night work, to the extent that such extra payments do not exceed five cents per hour for work on a second shift or ten cents per hour for work on a third shift, or (3) paid vacations to employees, to the extent that such paid vacations do not exceed one week for any employee having completed one year or more of employment with the employer and two weeks for any employe having completed five or more years of employment with the employer.

(E) Any wage or salary increase made in accordance with the provisions of a regulation or general order issued by the appropriate wage or salary stabilization agency pursuant to Section 308 of these regulations.

Section 302. Wage or salary increases approvable only on application to wage or salary stabilization agency. A wage or salary increase which does not fall within one of the classes listed in Section 301 may be approved only on application to, and decision by, the appropriate wage or salary stabilization agency. Such an increase shall be approved only if the appropriate wage or salary stabilization agency finds that it falls within one or more of the classes of cases described in Sections 303 to 307 and only to the extent to which it is found approvable under the terms of those sections. Upon the determination by the appropriate wage or salary stabilization agency that a wage or salary increase is approvable under the terms of the applicable section, the increase shall be deemed to be approved also by the Economic Stabilization Director.

Section 303. Increases consistent with industry or local area pattern. The appropriate wage or salary stabilization agency shall approve a wage or salary increase which it finds to be consistent with the general pattern of wage or salary adjustments which has been established in the particular industry, or in the particular in-

dustry or related industries within the particular local, labor market area, during the period between Aug. 18, 1945, and Feb. 14, 1946.

Section 304. Increases to correct gross inequities. In any case in which it finds that no applicable pattern of wage or salary adjustments was established during the period between Aug. 18, 1945, and Feb. 14, 1946, the appropriate wage or salary stabilization agency shall approve a wage or salary increase which it finds is necessary to eliminate a gross inequity between wage rates or salaries in related industries, related plants in the same industry or locality, or related job classifications in the same plant which would interfere with the effective transition to a peacetime economy. In determining whether there exists a gross inequity between related industries, within the meaning of this section, consideration shall be given to the extent to which the take-home pay of the employees in the respective industries has been reduced as a result of the transition to a peacetime economy.

Section 305. "Cost - of - living" increases. In any case in which it finds that no applicable pattern of wage or salary adjustments was established during the period between Aug. 18, 1945, and Feb. 14, 1946, the appropriate wage or salary stabilization agency shall approve a wage or salary increase which it finds necessary to correct a maladjustment which would interfere with the effective transition to a peacetime economy and which is further necessary to make the average increase since Jan. 1, 1941, in wage or salary rates of employees in the appropriate unit equal the percentage increases in the cost of living between January, 1941, and September, 1945. For the purposes of this section this percentage increase in the cost of living shall be deemed to be 33%.

Section 306. Increases to correct substandards of living. The appropriate wage or salary stabilization agency shall approve a wage or salary increase which it finds is necessary to correct substandards of living.

Section 307. Increases falling within standards in effect prior to Aug. 18, 1945. The appropriate wage or salary stabilization agency may approve any wage or salary increase which it finds falls within one of the standards in effect on Aug. 17, 1945 (except the standards relating to "rare and unusual" cases), under which applications for wage or salary increases were approved.

Section 308. Issuance of general pattern and other orders. (a) The appropriate wage or salary stabilization agency shall have authority by regulation or general order to designate particular industries, or particular industries or related industries within a particular local labor market area, with respect to which it finds that a general pattern of wage or salary adjustments has been established, within the meaning of Section 303, or that a specified wage or salary level is necessary to eliminate a gross inequity between wage rates or salaries in related industries or in related plants in the same industry or locality, within the meaning of Section 304, and to provide that any wage or salary increase conforming to such regulation or general order shall be deemed to be approved.

(B) No wage or salary increase or part there of which is made by an employer who falls within the terms of a regulation or general order issued pursuant to Paragraph (A) of this section and which is in excess of the amount approved by such regulations or order shall be approved under any other provision of this regulation, except Section 306 or Section 307, unless the appropriate wage or salary stabilization agency finds, with the approval of the Economic Stabilization Director, that because of special circumstances such approval is necessary to effectuate the purposes of Executive Order 9697.

(C) The appropriate wage or salary stabilization agency may, with the approval of the Economic Stabilization Director, give advance approval by regulation or general order to other classes of wage or salary increases.

Section 309. Agreements for conditional wage or salary increases. No wage or salary stabilization agency shall consider or act upon an application for approval of any wage or salary increase which appears to be conditioned in whole or in part upon the granting of an increase in price or rent ceilings. This provision, however, shall not be a bar to consideration of an increase which is conditioned upon approval by the appropriate wage or salary stabilization agency nor of an increase which is not to be put into effect until a determination has been made by the Office of Price Administration as to whether an increase in price or rent ceilings is required.

SUB PART D—EFFECT OF APPROVED WAGE OR SALARY INCREASES

Section 401. Effect of approved increases in determining price or rent ceilings. (A) In determining price or rent ceilings, the Price Administrator shall take into consideration, consistently with the provisions and purposes of Executive Order 9697, any wage or salary increase which is approved under the provision of these regulations. In so doing, however, the Price Administrator shall exclude from consideration any retroactive part of any such increase—that is, any part paid on account of work done prior to the date when the increase was made, except where, in his judgment, different action is required in order to end a supply emergency with respect to the commodity involved which threatens to interfere with the effective transition to a peacetime economy.

(B) Nothing in these regulations shall be construed as directing any increase in price or rent ceilings which is not required under the provisions of an applicable maximum price or rent regulation or under the applicable statutory or administrative standards governing changes in price or rent ceilings, including the standards provided for in Section 2 of Executive Order 9697.

Section 402. Prohibition against adjustment of price or rent ceilings before approved increase has been put into effect or agreed to. Except to the extent permitted in Section 403, the Price Administrator shall not, in the absence of specific approval by the Economic Stabilization Director, authorize any increase in price or rent ceilings or make any commitment to authorize any such increase on the basis of any increase in wages or salaries unless such wage or salary increase has been put into effect or a firm agreement exists to put it into effect. However, in order to expedite adjustment of ceilings after approved increases have been put into effect, the Price Administrator may, while an application for approval of a wage or salary increase is pending, receive applications for increased ceilings based on the wage or salary increase for which approval is being sought.

Section 403. Industry price increases when some employers in industry have not made wage or salary increases. In taking action in accordance with the pricing standards of Section 2 of Executive Order 9697, or of any orders or directives issued by the Economic Stabilization Director pursuant thereto, the Price Administrator may find it necessary from time to time to arrive at a judgment with respect to the earnings position, over the succeeding twelve months, of an industry in which a part, but not all, of the firms have put approved wage or salary increases into effect or have made firm agreements to do so. In such a case, not only is the Price Administrator authorized to take into account any resulting increase in cost to the firms which have taken such action but, where he finds that such firms constitute a large portion of the industry (ordinarily representing at least one-half the total output) and that like wage or salary increases appear reasonably sure to be made by a large portion of the remaining firms in the near future, he may also take into account the increase in cost which he believes likely to result from those future wage increases, when, in his judgment, to do so would promote effective price administration. Where the Price Administrator finds that a portion of the firms in an industry have taken such action with respect to approved wage or salary increases and additional firms are reasonably certain to do so, but where he cannot make the finding required by the preceding sentence, he may not, without the express approval of the Economic Stabilization Director, take into present account such wage or salary increases as may thereafter be made and approved, but he may make whatever provision appears to him just and practicable (e. g., by establishing two levels of ceiling prices, by authorizing individual adjustments, or by prescribing increase factors) to accord price relief, where needed, to those firms which have put approved wage or salary increases into effect or have made firm agreements to do so and to facilitate the granting of price relief on a like basis to those other firms which may thereafter take such wage or salary action.

Estimates on Effect on Costs

Section 404. Use of estimates as to effect of approved wage or salary increases on costs. The Price Administrator shall arrive at a judgment as to the effect on costs currently or for the succeeding twelve months of an approved wage or salary increase on the basis of the best data which may be in hand or obtainable from the industry or firm involved within a reasonably short period of time. In so doing, he shall give due consideration to such seasonal nonrecurring, temporary or otherwise non-representative factors as may be reflected in such data and also to such relevant factors as he may find have been operative since the period covered by the data, or may be operative in the succeeding twelve months, which indicate that the actual cost of the wage or salary increase is then, or over the latter period will be, higher or lower than the estimates of costs which would otherwise be derived from the data. In appropriate cases, the Price Administrator shall provide for the subsequent review of any adjustment in ceilings put into effect in the light of actual experience during a representative period of operations subsequent to the increase.

Section 405. Effect of approved increases in determining costs to the United States. In the case of products or services being furnished under contract with a Federal procurement agency, such agency may take into consideration, on the same basis as other factors affecting costs, any wage or salary increase which is approved under the provisions of these regulations. Provided, however, that no wage or salary increase which was made on or before Feb. 13, 1946, and was unapproved on that date shall be a basis for reimbursement under such a contract unless the procurement agency administering the contract finds that reimbursement is necessary to prevent hardship. Nothing in these regulations, however, shall be construed as authorizing or requiring any increase in costs to the United States which is not required by the applicable procurement contract.

Section 406. Increased costs to the United States to be limited to employers who have instituted wage or salary increases. To the fullest practicable extent Federal procurement agencies shall provide that no employer shall be eligible for the benefits of any increase in payments by the United States based upon an approved wage or salary increase except to the extent to which he himself has put into effect such wage or salary increase. E. O. 9250; E. O. 9328, 3 CFR. Cum. PP. 1213, 1267; E. O. 9599 (10 F. R. 10155); E. O. 9620 (10 F. R. 12033); E. O. 9651 (10 F. R. 13487); E. O. 9697 (11 F. R. 1691) and E. O. 9699 (11 F. R. 1929).

Official Questions and Answers On Revised Wage-Price Policy

By way of answering some general questions incident to the revised wage-price policy announced by President Truman on Feb. 14, text of which appeared in Section 2 of the "Chronicle" of Feb. 21, Economic Stabilizer Bowles issued the following question and answer statement on March 10:

Q. What is the purpose of the new wage-price policy announced by President Truman on Feb. 14 in Executive Order No. 9697?

A. To maintain the "stability of the economy in the present emergency" and to clear the decks for full-speed-ahead in production. The order provides: First, a basis for reasonable wage settlement in all cases. Labor is assured the opportunity to obtain wage adjustments in line with those worked out in free negotiations, or recommended by the Government, since V-J Day. And, second, prompt adjustments in price ceilings wherever they are necessary to relieve hardship or increase production of essential goods.

Q. What are the basic similarities between the new wage-price policy and the previous policy?

A. The new policy is not a brand new program but an adaptation of the old to fit present conditions. The new policy, like the old, calls for free collective bargaining within the framework of the stabilization program. Except in a few special situations, it imposes no direct prohibitions on wage or salary increases. Like the old, the new policy puts limits upon the extent to which wage or salary increases can be reflected in higher prices or higher costs under Government contracts. Such increases must be approved by the Government before they can be used for these purposes.

Differences on Wage Policy

Q. What are the principal differences between the new wage-price policy and the previous policy?

A. Under the old policy the standards for approval of wage or salary increases were relatively limited. These standards were not intended to limit the amounts of the increases which would actually take place. On the contrary, so-called unapproved increases, over and above the standard for approval, were encouraged. But these unapproved increases could not be reflected in higher ceiling prices right away. After a six-month test period, however, OPA was directed to take them into full account and to give any price relief which the test period showed was called for under established pricing standards.

This policy worked well in the majority of cases. Thousands of wage agreements have been concluded in orderly fashion under this policy. Prices have been held in line.

In many industries, however, labor has suffered a severe loss in take-home pay, as a result of loss of overtime, downgrading and similar factors. In some of these industries, employers could not absorb, even for a test period, the increases in wage rates which were necessary to give labor at least partial compensation for this reduction in earnings and to offset the increases in the cost of living since before the war.

The new policy liberalizes the standards for approval of wage and salary increases. The basic standard consists of the patterns of adjustment which have actually been established in the various industries and localities during the period between V-J Day and the date of the order.

Having liberalized the standards for approval, the new policy no longer encourages unapproved wage or salary increases. Consideration of such increases is barred, not merely for six months, but for the duration of the stabilization laws in determining either price ceilings or costs under Government contracts.

Wage or salary increases which are going to be used in applying for price relief immediately, or for increasing costs to the Government, must be approved in advance.

Q. Will the new policy require prices to be increased wherever wage rates have gone up?

A. Far from it. Higher wage rates do not necessarily mean proportionately higher labor costs. Loss of overtime, downgrading, an improved labor force and other factors, offset the effect of higher rates on labor costs in whole or in part.

Q. What does the new wage-price policy mean to the average American family which is so concerned about the cost of living?

A. First of all, it means that consumers can expect to get larger supplies of refrigerators, washing machines, automobiles and all the other peacetime goods we're all waiting for. Secondly, it will not mean a new higher level of prices. More than two thirds of the average family's expenditures go for food, rent and clothing. The new wage-price policy should have no effect on rents and little or no effect on food and clothing. Special steps are being taken to increase production of low-priced clothing and thus to reduce the average family's clothing bill. Prices for some metal goods will undoubtedly increase somewhat. Such increases mean a bulge in the price-line. But there will be no break-through.

Q. What does the new wage-price program mean to the average employer?

A. It means quicker settlement of wage problems. It means prompt price relief where hardship exists under fair-pricing standards. It means that the way is cleared for all-out production.

Q. What does the new wage-price policy mean to the average worker?

A. It means that barriers to fair wage and salary adjustments, through collective bargaining or otherwise, are removed. It means that the worker is protected against a runaway cost of living which would destroy the benefits of the adjustments.

Q. What does the new wage-price policy mean to the average farmer?

A. It means an increased flow of machinery, tools and other peacetime goods he needs to run his farm. And it is unlikely that there will be any real increase even in the prices of the farm equipment he buys. It means that the declining income which many farmers expected after V-J Day will not materialize because of the wartime purchasing power of many industrial workers will be

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Official Questions and Answers On Revised Wage-Price Policy

(Continued from page 1405)

at least partially restored through increases in wage rates.

Q. Will the new wage-price policy tie business men and labor unions up in red tape and delay?

A. Emphatically no. The Government is obligated to give both groups the fastest possible action. The new wage-price program contains new provisions for streamlining procedures to the limit.

Q. What agencies will administer the new wage-price policy?

A. The same agencies which have been administering the previous policy. The National Wage Stabilization Board will pass finally on all applications for approval of wage increases, except those involving agricultural labor and so-called Lea Amendment cases. The Board acts also on increases for certain salaried employes receiving $5,000 per annum or less.

The salary stabilization unit in the Treasury Department will pass finally on all applications for approval of salaryy increases other than salary increases under the jurisdiction of the National Wage Stabilization Board. The Department of Agriculture will continue to administer wage controls applying to agricultural labor.

The Office of Price Administration will administer the price features of the new policy, with the approval of the Secretary of Agriculture as required by law in certain cases.

The Director of Economic Stabilization will direct and coordinate the over-all policies.

QUESTIONS AND ANSWERS ABOUT WAGES UNDER THE NEW POLICY

Q. Can an employer lawfully make a wage or salary increase without getting Government approval?

A. Yes. Under the new Executive Order, so-called unapproved wage or salary increases are still lawful, with certain exceptions, just as they were before. However, wage or salary increases must be approved before they can be used as a basis for securing an increase in price or rent ceilings or utility rates or for increasing costs to the United States under Government contracts. Unless approved, such increases cannot, for the duration of the stabilization laws, be considered for such purposes.

Q. Are there exceptions to the general rule that unapproved wage or salary increases are not unlawful?

A. Yes. These exceptions are the same as those which existed before the new Executive Order.

Q. May an employer make a wage or salary increase and then apply for approval of it afterward?

A. In two classes of cases, yes. In others, no. The first class of cases is one established by an earlier order of the Stabilization Administrator. For an interim period, until March 15, 1946, an employer may make an unapproved wage or salary increase without waiving the right to seek approval afterward. He must, however, apply for such approval within 30 days after the increase is first reflected in current payrolls.

The new regulations provide for a second class of cases in which approval of a wage or salary increase may be sought after it has been made. An employer need not secure prior approval of a wage or salary increase if he has no present intention of using it as a basis for seeking an increase in price or rent ceilings or utility rates or for increasing costs under a Government contract, and if he so states in a notice describing the increase filed with the appropriate wage or salary stabilization agency within 30 days after the increase is first reflected in current payrolls.

If the employer files such a notice, he can ask for approval of the increase at any later time. Approval will be given or withheld on the same basis as if it had been sought before the increase was made.

If an employer makes an unapproved wage or salary increase on or after March 15, 1946, and fails to file such a notice, he will be deemed to have waived any right to use the increase as a basis for seeking price increases, or for any of the other purposes stated above.

Q. If an employer makes a wage or salary increase without prior approval and gives notice that he has no present intention of using it as a basis for seeking a price increase, may he apply for a price increase later?

A. Yes. He must, of course, first secure approval of the wage increase. OPA will then consider his application for price relief, if he shows a reasonable ground for the change in his original intention. While employers are not prohibited from agreeing to absorb additional increases, it is important that any such agreement should be made with open eyes. Otherwise, widespread wage settlements might be made in excess of the standards for approval without awareness. This would create the dilemma of either imposing severe and often intolerable hardship upon employers in many cases, or permitting a break in the wage-price policy which would upset the stabilization program.

Q. What classes of wage or salary increases are given advance approval by the President's Executive Order itself?

A. The President's Executive Order gives advance approval to two classes of wage and salary increases: (1) any increase lawfully made before the date of the order (Feb. 14, 1946) and (2) any increase made at any time in accordance with a governmental recommendation announced before the date of the order. The National Wage Stabilization Board and the salary stabilization unit in the Treasury Department will give rulings, upon request, on questions as to whether a particular increase under their jurisdiction falls within one of these classes.

Approved Rises to Fore

Q. What additional classes of wage or salary increases are given advance approval by the new wage-price regulations?

A. (1) Increases made by employers who employ no more than eight employes, unless wages for such employes have in the past been determined by a master contract, or by similar or identical contracts, on an industry or area-wide basis, or unless the National Wage Stabilization Board provides for specific approval in the particular type of case; (2) Increases providing for a maximum of six paid holidays a year; (3) Increases providing for nightshift differentials not exceeding 5 cents for a second shift or 10 cents for a third shift; (4) Increases providing for paid vacations of no more than one week after one year of employment and two weeks after five years of employment; (5) in addition, the regulations authorize the wage or salary stabilization agencies to issue pattern orders, or other general orders, which will give advance approval to a much larger number of increases. Several such pattern orders have already been issued by the National Wage Stabilization Board. The Board will issue comparable orders as rapidly as possible.

These blanket approvals do not cover increases in the building and construction industry and other classes of cases in which no increase is lawful without specific approval.

Q. Will a separate application for approval have to be filed with the appropriate agency for every wage or salary increase not falling within one of the classes which has been given advance approval?

A. Yes, if the employer wishes to use it as a basis for seeking an increase in price or rent ceilings or utility rates or for increasing costs to the United States under a Government contract.

"Pattern" Not Yet Established

Q. Does the new "pattern" standard mean that any wage increase up to 18½ cents an hour, or some similar figure, will be approved?

A. No, the Executive Order does not proceed upon the basis that any nation-wide pattern of wage or salary increases has been established by recent wage settlements. The patterns which it recognizes are patterns for particular industries, or for related industries within a particular labor-market area. These patterns vary from industry to industry and from locality to locality.

Q. How does the new cost-of-living standard differ from the cost-of-living standard in the previous Executive Order?

A. Under the previous Executive Order increases were approved only to the extent that the increase in average straight-time hourly earnings in the appropriate unit since Jan. 1, 1941, had fallen short of 33%. The new Executive Order provides for approval of increases in basic wage or salary rates if hourly rates in the appropriate unit have not risen 33% since Jan. 1, 1941. The application of this standard in the case of employes on other than hourly rates, such as piecework, will be worked out by the National Wage Stabilization Board on a case-by-case basis.

SOME QUESTIONS AND ANSWERS ON PRICE ADJUSTMENTS

Employers' Application for Price Relief

Q. May OPA advise an employer who is engaged in wage negotiations what price increase he might be entitled to if he should make a certain wage increase and secure approval of it?

A. No. If OPA is to achieve its objective of speeding production wherever this can be done by prompt and fair price adjustments, OPA must not become entanged in wage negotiations.

Q. Would the answer to the above question be different if the employer had agreed to a particular wage increase, but had not yet secured approval of it?

A. No. However, pending approval of a wage increase for which application has been made, an employer or his industry can present the facts to OPA, and OPA can then take steps to expedite action on the application as soon as the wage increase has been approved.

Q. If an employer has made an approved wage increase or has applied to a wage stabilization agency for approval, how should he apply for a price increase?

A. If he belongs to an industry for which an OPA industry advisory committee has been organized—and most industries have them—he should bring his case to the attention of that committee. The committee will then consult with OPA if there appears to be ground for an industry-wide price increase.

Q. What should an employer do who does not belong to an industry which has an industry advisory committee?

A. He may write to OPA directly, requesting consideration of an increase in the ceilings of the products which his industry makes.

Q. Does the fact that an employer has made an approved wage increase assure him that he will secure a price increase?

A. No. Many employers will require no price increase whatever. OPA has always expected manufacturers, wholesalers and retailers to absorb cost increases to the extent of their capacity to do so without assuming an unreasonable burden. Without such cost absorption, effective price control would be impossible, since every price increase would lead to a succession of further increases, thereby setting the inflationary cost-price spiral in motion.

Q. How does OPA determine whether an employer is reasonably able to absorb an approved wage increase without a price increase?

A. OPA has developed standards to determine when prices must be increased as a consequence of cost increases or other developments which decrease earnings. These standards are generally applied on an industry basis. However, the regulations covering many commodities also authorize individual seller adjustments.

Questions About Government Contracts

Q. Will Federal procurement take account of approved wage or salary increases made after Feb. 14, 1946?

A. Yes. Any approved wage or salary increases made on or after Feb. 14, 1946, (the date of the new Executive Order), by an employer furnishing goods or services under contract with the United States will be taken into consideration by the procurement agency concerned on the same basis that the agency would take any other cost factor into account.

Q. Will the procurement agencies take account of wage or salary increases which were made without approval before Feb. 14, 1946, and remained unapproved before that date?

A. Only if the procurement agency finds that reimbursement is necessary to prevent hardship to the employer. Otherwise the agency will exclude the costs attributable to the increase.

Q. Will the procurement agencies take account of unapproved wage or salary increases made after Feb. 14, 1946?

A. No. The procurement agencies will not reimburse employers for any costs incurred as a result of such an increase.

Sees Difficulties in Wage-Price Policy

National City Bank Publication Predicts OPA Will Be Swamped With Price Relief Applications and That Adherence to a Rigid Formula "to Hold the Line" Will Result in Inequities and Lead to Manufacturers Bearing the Risks.

The March issue of the "Monthly Bank Letter" of the National City Bank of New York, in an analysis of the new wage-price policy of the Administration, points out the practical difficulties of applying it in actual practice and predicts a wave of applications for price adjustments by individual firms, which will "swamp the OPA". Commenting on this, the "Letter" states that the new order is welcome but manufacturers are far from reassured. Their first thought is that the flood of wage increases will lead to a flood of price relief applications. Each application will have to be, first, approved as to the wage increase by the Wage Stabilization Board and, second, acted on by the Office of Price Administration. The Wage Board has set up procedures to give pre-approval and blanket approval to wage increases, and both agencies may be expected to do their best to clear applications promptly. Yet the burden on them will be tremendous and delays can be harassing and destructive. The OPA will give no prior assurances of price relief to manufacturers considering wage increases, which is an obstacle to settlement of strikes.

In the second place, the formulas of the OPA are rigid, and the public statements of its officials indicate that its dominant policy is to "hold the line". The definition of "hardship cases" is a severe one. An industry is considered to be in hardship only if, after wage increases, ceiling prices leave its earnings insufficient in the judgment of the Price Administrator to yield during the next twelve months an average rate of return on net worth equal to that earned in 1936-39. This allowable return is calculated before taxes, although the corporate tax rate in 1946 is 38% against only 17% on the average in 1936-39. In the main OPA will deal with price questions with each industry as a whole; it will not give individual company cases priority whenever the overall method can be followed.

In this combination of rigid and severe formulas, the declared intention to hold the line, and possible swamping of OPA's staff, manufacturers see difficulties and uncertainties ahead. The provision that the agency's judgment as to conditions over the next twelve months shall be controlling means that estimates of sales volume, materials prices and productive efficiency will enter into the OPA decisions. But while OPA makes the decisions, manufacturers will have to bear the risks.

As against these uncertainties, it should be noted that OPA has yielded to the necessities of the steel situation by granting a $5 per ton increase in prices. It is establishing higher ceilings on cotton goods which partially offset the rise in raw cotton and other costs, and it is raising meat prices to help the packers pay the higher wages recommended by the fact-finding board. In many other cases it will have no choice but to acquiesce in higher prices or see production restricted.

Regional Conference Of Mtge. Bankers Assn.

The Mortgage Bankers Association of America announced at Chicago on March 11 that its 33rd annual convention will be held at the Netherland Plaza hotel in Cincinnati, Oct. 2-4 and that it will sponsor a special regional conference this Spring, the program for which will be largely devoted to reviewing the part the mortgage lender will play in the national housing program. The conference will be at the Waldorf-Astoria hotel in New York, April 29 and 30 with the New Jersey Mortgage Bankers Association as cooperating sponsor. John C. Thompson, a member of the Association's Board of Governors and chairman of the clinic and conference committee, will direct the meeting.

The Association's educational program inaugurated in 1945 will be continued with expanded courses this spring at New York University for mortgage lenders on urban real estate and another at Purdue University for farm mortgage lenders.

Electric Output for Week Ended March 9, 1946 11.1% Below That for Same Week a Year Ago

The Edison Electric Institute, in its current weekly report, estimated that the production of electricity by the electric light and power industry of the United States for the week ended March 9, 1946, was 3,952,539,000 kwh., which compares with 4,446,136,000 kwh. in the corresponding week a year ago, and 4,000,119,000 kwh. in the week ended March 2, 1946. The output for the week ended March 9, 1946 was 11.1% below that of the same week in 1945.

PERCENTAGE DECREASE UNDER SAME WEEK LAST YEAR

	Week Ended—			
Major Geographical Divisions—	March 9	March 2	Feb. 23	Feb. 16
New England	5.1	1.9	6.4	4.2
Middle Atlantic	5.7	4.3	5.2	6.0
Central Industrial	15.7	15.9	20.5	20.0
West Central	2.4	1.9	3.4	1.0
Southern States	11.9	11.8	13.2	12.7
Rocky Mountain	1.6	§1.1	§2.0	§4.7
Pacific Coast	13.4	13.1	10.0	9.2
Total United States	11.1	10.6	12.3	11.7

§Increase.

DATA FOR RECENT WEEKS (Thousands of Kilowatt-Hours)

Week Ended—	1945	1944	% Change under 1944	1943	1932	1929
Dec. 1	4,042,915	4,524,257	—10.6	4,560,158	1,518,922	1,806,225
Dec. 8	4,096,954	4,538,012	— 9.7	4,566,905	1,563,384	1,840,863
Dec. 15	4,154,061	4,563,079	— 9.0	4,612,994	1,554,473	1,860,021
Dec. 22	4,239,376	4,616,975	— 8.2	4,295,010	1,414,710	1,637,683
Dec. 29	3,758,942	4,225,814	—11.0	4,337,237	1,619,265	1,542,000
Week Ended—	**1946**	**1945**	**% Change under 1945**	**1944**	**1932**	**1929**
Jan. 5	3,865,362	4,427,281	—12.7	4,567,959	1,602,482	1,733,810
Jan. 12	4,163,206	4,614,334	— 9.8	4,539,083	1,598,201	1,736,721
Jan. 19	4,145,116	4,588,214	— 9.7	4,531,662	1,588,967	1,717,315
Jan. 26	4,034,365	4,576,713	—11.9	4,523,763	1,588,853	1,728,208
Feb. 2	3,982,775	4,538,552	—12.2	4,524,134	1,578,817	1,726,161
Feb. 9	3,983,493	4,505,269	—11.6	4.532,730	1,545,459	1,718,304
Feb. 16	3,948,620	4,472,298	—11.7	4,511,562	1,512,158	1,699,250
Feb. 23	3,922,796	4,473,962	—12.3	4,444,939	1.519,679	1,706,719
March 2	4,000,119	4,472,110	—10.6	4,464,686	1,538,452	1,702,570
March 9	3,952,539	4,446,136	—11.1	4,425,630	1,537,747	1,687,229
March 16		4,397,529		4,400,246	1,514,553	1,683,262
March 23		4,401,716		4,409,159	1,480,208	1,679,589
March 30		4,329,478		4,408,703	1,465,076	1,633,291

The State of Trade

(Continued from page 1399)

Institute announced on Monday of this week the operating rate of steel companies having 94% of the steel capacity of the industry will be 83.6% of capacity for the week beginning March 11, compared with 76.7% (revised figure) one week ago, 5.5% one month ago and 94.5% one year ago. This represents an increase of 6.9 points or 9.0% over the previous week.

This week's operating rate is equivalent to 1,473,400 tons of steel ingots and castings and compares with 1,351,700 (revised figure) tons one week ago, 96,900 tons one month ago and 1,730,900 tons one year ago.

Electrical Production—The Edison Electric Institute reports that the output of electricity increased to 4,000,119,000 kwh. in the week ended Mar. 2, 1945, from 3,922,796,000 kwh. in the preceding week. Output for the week ended Mar. 2, 1946, however, was 10.6% below that for the corresponding weekly period one year ago.

Consolidated Edison Co. of New York reports system output of 193,200,000 kwh. in the week ended March 3, 1946, compared with 177,900,000 kwh. for the corresponding week of 1945, or an increase of 8.6%. Local distribution of electricity amounted to 185,800,000 kwh., compared with 174,800,000 kwh. for the corresponding week of last year, an increase of 6.3%.

Railroad Freight Loadings—Car loadings of revenue freight for the week ended Mar. 2, 1946, totaled 782,397 cars, the Association of American Railroads announced. This was an increase of 59,116 cars (or 8.2%) above the preceding week and 3,339 cars, or 0.4%, below the corresponding week of 1945. Compared with the similar period of 1944, a decrease of 4,496 cars, or 0.6%, is shown.

Paper and Paperboard Production—Paper production in the United States for the week ending Mar. 2 was 101.8% of mill capacity, against 98% in the preceding week and 89.3% in the like 1945 week, according to the American Paper & Pulp Association. Paperboard output for the current week was 98%, compared with 97% in the preceding week and 96% in the like 1945 week.

Business Failures Slightly Higher—Increasing in the week ending March 7, commercial and industrial failures exceeded the number occurring in the comparable week a year ago. Dun & Bradstreet, Inc., reports 22 concerns failing as compared with 15 in the previous week and 21 in the corresponding week of 1945. For the past eight weeks, with only one exception, failures this year have been more numerous than in the same period last year.

All but 3 of this week's failures involved liabilities of $5,000 or more. Rising from 13 in the previous week, these large failures numbered 19 in the week just ended—more than two times the 8 occurring a year ago. Small failures with losses under $5,000 showed little change, 3 concerns failing in this group as compared with 2 last week. However, they were far short of the 13 reported in 1945's corresponding week.

In all trade and industry groups, failures either equalled or exceeded the number occurring a week ago; in all groups except retailing, failures were the same or higher than a year ago. The rise was sharpest in manufacturing where failures were most numerous this week. Nine manufacturers failed as compared with 6 a week ago and 4 in the corresponding week of 1945.

Canadian failures remained at 4, the same number as in the previous week. In the comparable week of 1945 there were 2 failures.

Wholesale Commodity Price Index—The daily wholesale commodity price index, compiled by Dun & Bradstreet, Inc., advanced quite sharply in the past week, largely reflecting the upward adjustment of grain price ceilings. The index reached a new post-war high of 187.07 on March 4, and closed at 187.02 on March 5. This represented a rise of 1.4% over the 148.48 recorded a week ago and was 6.0% above last year's 176.49.

Grain markets quickly responded to the upward ceiling revisions announced over the past weekend. Cash wheat, corn, oats, and barley prices closed at the new maximum levels, with all futures, except September and December oats, showing corresponding advances. Trading in wheat and corn futures broadened somewhat but country offerings were still restricted and it was generally felt in the trade that the new ceilings would not relieve the tight situation in grains to any appreciable extent. Some small lots of new type flour were sold during the week as many mills were still busy converting to the 80% extraction rate. Hogs remained at ceilings although marketings greatly exceeded last year. Sheep and lamb receipts were lower and prices advanced. Cattle were strong with supply showing no improvement. Sales of cash lard were slow during the week as traders studied the effects of the new wage-price policy as regards packing houses and workers.

Declines in domestic cotton prices experienced early in the week were later counteracted by a rebound to new seasonal highs. Weakness in securities markets and uncertainty over developments in Washington and in industrial relations bought on general liquidation and selling which depressed prices. Recovery came with the announcement of a further rise in the parity price of cotton, expectations of larger exports of cotton to Japan and the anticipation of upward revisions in textile price ceilings. Sales in spot markets were seasonally high last week although below the previous week; demand was active and prices irregular. Gray cotton goods markets remained in a generally withdrawn position pending official announcement of expected ceiling increases.

The Commodity Credit Corporation announced a general reduction in domestic wool prices last week. Sales of domestic pulled wools showed considerable increase but activity in greasy type wools were below expectations. For the most part purchases were intended for blending with foreign wools. Demand for fine foreign wools remained strong. In Montevideo buying was active at firm prices. United States buyers attempted to place orders for desirable Australian wools but supplies were limited. The CCC appraised for purchase 1,757,050 pounds of domestic wools during the week ended Feb. 21, bringing the total to that date to 341,785,223 pounds, as against 380,998,971 pounds appraised to the same date a year ago.

Wholesale Food Price Index at New Year Peak—The wholesale food price index, compiled by Dun & Bradstreet, Inc., continued to trend higher this week, reflecting the upward adjustment of grain ceilings. A rise of 1 cent put the March 5 index at $4.17, the highest level touched since Oct. 7, 1920 when it stood at $4.24. The current figure represents an advance of 1.7% over the $4.10 registered at this date a year ago. There were no declines during the week and higher prices it was noted were listed for wheat, corn, rye, oats, barley, potatoes, sheep, and lambs. The index represents the sum total of the price per pound of 31 foods in general use.

Wholesale and Retail Trade—Retail volume last week for the country at large continued to be affected by the availability of merchandise as customers tended to shun substitutes, Dun & Bradstreet, Inc., reports in its current survey of trade. Over-all volume exceeded that of last week although reports from different localities varied greatly; it was considerably above the corresponding week a year ago. The demand for all staples continued to be high.

Meat supplies this week were larger than those of last week and poultry continued to be plentiful. Fresh vegetables and citrus fruits were generally in good supply with a decrease in demand for canned vegetables from that of last week. Total retail food volume remained close to the high level of the previous week and was moderately above a year ago.

Women's Spring apparel continued to rank as a best seller in clothing departments. Interest in suits and coats remained high with neutral shades attracting most attention. Handbags, belts, and other main floor items sold well. The demand for men's suits and shirts was sustained at a high level. The apparent shortage of men's apparel remained evident and several areas reported a decrease in sales volume of suits from that of the preceding week.

The demand for furniture appeared to be more than merely seasonal with bedroom and living-room suites attracting the greatest attention. Upholstered pieces were in fair supply and sold well. Rug departments reported that business was generally brisk although limited selections continued to discourage many consumer buyers. The demand for curtains and draperies remained high. Housewares continued to appear in stores in small quantities and requests for them were made frequently. Difficulty in maintaining adequate stocks was reported by many stores.

Retail volume for the country was estimated at from 13 to 17% over the corresponding week a year ago. Regional percentage increases were: New England and South 17 to 20 East 15 to 19, Middle West 9 to 13, Northwest 12 to 15, Southwest 16 to 20, and Pacific Coast 11 to 14.

Wholesale activity continued unabated this week with volume slightly over the previous week and the corresponding week of last year. Attendance at gift shows was at record levels. Volume in electrical appliances rose slightly, while building supplies continued limited. Stocks of soft goods remained unchanged with shortages reported in most lines.

Department store sales on a country-wide basis, as taken from the Federal Reserve Board's index for the week ended March 2, 1946, increased by 19% above the same period of last year. This compared with an increase of 20% in the preceding week. For the four weeks ended March 2, 1946, sales increased by 21% and for the year to date by 17%.

Retail trade in New York last week remained active with gains recorded in sales volume over that of the previous year. Volume of trade for March is expected to show a decline under that of the period one year ago due to the lateness of Easter the present year. Heavy gains, however, are expected in April. With the advent of the Lenten season some slight decline was noted in food sales.

In wholesale markets this week pressure for deliveries was still present and a majority of retailers are preparing to build up their spring stocks to meet early consumer demand. Continued allocation of available merchandise was reflected the past week in practically all wholesale lines.

According to the Federal Reserve Bank's index, department store sales in New York City for the weekly period to March 2, 1946, increased 23% above the same period last year. This compared with an increase of 27% (revised figure) in the preceding week. For the four weeks ended Mar. 2, 1946, sales rose by 26% and for the year to date by 23%.

From Washington Ahead of The News

(Continued from first page)

college wanted to go on to other things. As they understood it, that was the purpose of college.

Chester Bowles, on the other hand, went to college and he now understands everything better than any man in America, including Mr. Truman who did not go to college. His knowledge of blueprints and his associations made Mr. Bowles very cocky, indeed. A few weeks ago, it was the understanding of this writer that Mr. Bowles, unless he got his way, would quit and leave the American people in a helluva way. Well, he didn't get his way and he hasn't quit.

And now, in the way of all these big shots who pass over the Washington horizon, he is by way of being eclipsed. Why is this? Because he is tremendously smart and Congress, the representative body of the American people, is terribly prejudiced and backward?

No, it is because they have their feet on the ground. Mr. Bowles, trying to get his authority extended for a year, said that Henry Ford wanted to boost the price of his cars 55%. Then a short time later, he said that he was amazed to hear Mr. Ford say that the price ceiling had not been removed from automobile parts. Such statements as these are what unnerve Congressmen who have always felt that Chester is a lot of bunk, but how in the name of goodness were they to get in behind his statistics. Well, young Henry did it for them. With one of the best publicity jobs we have ever seen, he pointed out to Chester that they were only allocated some 40,000 cars in 1945, right after V-E Day, that they had been asked what those cars would cost and the price they setforth was what the actual cost came to.

Bowles, groping on this one, put out the statement that Ford had complained about the costs of parts, when, according to Bowles, all price ceilings on parts had been removed.

Mr. Bowles said he was quite surprised that Mr. Ford didn't know this.

Ford came right back telling Mr. Bowles the names of parts on which price ceilings had not been removed.

A few nights ago, Mr. Bowles, an attractive fellow, had about 30 Washington newspapermen as his guests. He told them right off the reel that he had been utterly wrong about Ford and wished he had never made the statement against him. His explanation was that a subordinate had given him this stuff and he had followed it. It was one of the greatest regrets of his life, so he told the correspondents.

But Mr. Bowles has not fired that subordinate who misled him. He has not, after castigating Ford in public, done anything by the way of apologizing. His attitude is to let it slide, and you newspapermen forgive me. Why?

The incident is well known, however, among the members of Congress. It is not an unfair statement to say that they have lost faith in the great Chester Bowles.

There is an amazing thing about our Congress. It is still, notwithstanding the pressure of the Bowles' and those who are now trying to sell a $600,000,000 subsidy for housing materials "for veterans," perhaps one of the greatest racketeering bills ever to come before that body, that the Congress holds firm. The Administration has got to three of our widely syndicated columnists who have written about what a tool of the lobbyists Congress is, not to pass a $600,000,000 subsidy for an unknown from Louisville, Ky., Wilson Wyatt, to spend. The Congressmen who voted against this, so the propaganda goes, are against the veterans. To be able to stand up against this sort of propaganda is real fortitude.

And you want to know what the Congressmen of this stripe are saying?

It is, why doesn't Harry Truman cut out that nonsense? He's a good fellow and we'd like to go along with him. This is the prevailing sentiment of the Congress in these troublous days. The labor leaders who have been depending upon the Administration to bail them out, had better get down and go to work. The great leadership which they once had, the business of the U. S. Government intervening to insure their winning, is over. Though Truman might weaken on this, Congress won't.

Daily Average Crude Oil Production for Week Ended March 2, 1946 Increased 12,600 Bbls.

The American Petroleum Institute estimates that the daily average gross crude oil production for the week ended March 2, 1946 was 4,726,250 barrels, an increase of 12,600 barrels over the preceding week and 296,250 barrels in excess of the daily average figure of 4,430,000 barrels estimated by the United States Bureau of Mines as the requirements for the month of February, 1946. The current figure, however, was 38,870 barrels per day less than the output in the week ended March 3, 1945. Daily production for the four weeks ended March 2, 1946 averaged 4,710,100 barrels. Further details as reported by the Institute follow:

Reports received from refining companies indicate that the industry as a whole ran to stills on a Bureau of Mines basis approximately 4,779,000 barrels of crude oil daily and produced 13,871,000 barrels of gasoline; 2,416,000 barrels of kerosine; 5,888,000 barrels of distillate fuel, and 8,634,000 barrels of residual fuel oil during the week ended March 2, 1946; and had in storage at the end of that week 104,462,000 barrels of finished and unfinished gasoline; 8,127,000 barrels of kerosine; 25,148,000 barrels of distillate fuel, and 38,285,000 barrels of residual fuel oil.

DAILY AVERAGE CRUDE OIL PRODUCTION (FIGURES IN BARRELS)

	*B. of M. Calculated Requirements February	State Allowables Begin. Feb. 1	Actual Production Week Ended Mar. 2, 1946	Change from Previous Week	4 Weeks Ended Mar. 2, 1946	Week Ended Mar. 3, 1945
Oklahoma	368,000	388,000	†389,450	— 600	389,500	368,600
Kansas	254,000	249,400	†257,050	+ 3,400	251,750	244,400
Nebraska	800	----	†850	----	800	900
Panhandle Texas			81,000	----	81,000	88,000
North Texas			157,600	----	157,600	148,800
West Texas			503,300	----	503,300	464,300
East Central Texas			146,200	----	146,200	150,300
East Texas			321,000	----	321,000	392,000
Southwest Texas			356,150	----	356,150	347,000
Coastal Texas			544,000	----	544,000	562,100
Total Texas	1,890,000	‡2,126,504	2,109,250	----	2,109,250	2,152,500
North Louisiana			82,800	+ 800	80,900	69,800
Coastal Louisiana			288,850	----	288,850	294,800
Total Louisiana	368,000	412,515	371,650	+ 800	369,750	364,600
Arkansas	74,000	79,603	77,000	— 500	77,350	81,100
Mississippi	49,000		55,100	+ 2,250	54,550	53,400
Alabama	600		1,050	----	1,000	250
Florida	----		100	----	100	20
Illinois	198,000		212,550	+ 1,550	211,650	207,350
Indiana	13,000		18,300	+ 1,200	17,000	12,500
Eastern— (Not incl. Ill., Ind., Ky.)	61,200		66,750	+ 5,450	63,300	61,550
Kentucky	29,000		30,150	— 250	30,650	29,900
Michigan	46,000		42,800	— 2,500	43,600	46,800
Wyoming	94,000		105,050	+ 1,050	102,550	100,450
Montana	20,400		19,100	----	19,100	20,650
Colorado	24,000		23,300	— 1,150	23,650	10,300
New Mexico	96,000	104,000	98,450	----	98,450	103,950
Total East of Calif.	3,586,000		3,877,950	+10,700	3,864,000	3,859,220
California	844,000	§823,700	848,300	+ 1,900	846,100	905,900
Total United States	4,430,000		4,726,250	+12,600	4,710,100	4,765,120

*These are Bureau of Mines calculations of the requirements of domestic crude oil (after deductions of condensate and natural gas derivatives) based upon certain premises outlined in its detailed forecast for the month of February. As requirements may be supplied either from stocks or from new production, contemplated withhdrawals from crude oil inventories must be deducted from the Bureau's estimated requirements to determine the amount of new crude to be produced. In some areas the weekly estimates do, however, include small but indeterminate amounts of condensate which is mixed with crude oil in the field.

†Oklahoma, Kansas, Nebraska figures are for week ended 7:00 a.m. Feb. 27, 1946.

‡This is the net basic allowable as of Feb. 1 calculated on a 28-day basis and includes shutdowns and exemptions for the entire month. With the exception of several fields which were exempted entirely and of certain other fields for which shutdowns were ordered for from 4 to 9 days, the entire state was ordered shut down for 4 days, no definite dates during the month being specified; operators only being required to shut down as best suits their operating schedules or labor needed to operate leases, a total equivalent to 4 days shutdown time during the calendar month.

§Recommendation of Conservation Committee of California Oil Producers.

CRUDE RUNS TO STILLS; PRODUCTION OF GASOLINE; STOCKS OF FINISHED AND UNFINISHED GASOLINE, KEROSINE, GAS OIL AND DISTILLATE FUEL AND RESIDUAL FUEL OIL, WEEK ENDED MARCH 2, 1946

(Figures in thousands of barrels of 42 gallons each)

Figures in this section include reported totals plus an estimate of unreported amounts and are therefore on a Bureau of Mines basis

District—	% Daily Refin'g Capac. Report'g	Crude Runs to Stills Daily Av.	% Operated	§Gasoline Produc'n at Ref. Inc. Nat. Blended	‡Finish'd and Unfin. Gasoline Stocks	‡Stocks of Kerosine	‡Stks. of Gas Oil & Dist. Fuel Oil	‡Stks. of Resid. Fuel Oil
East Coast	99.5	756	95.6	1,704	23,160	3,459	7,107	6,366
Appalachian—								
District No. 1	76.8	105	71.9	320	2,807	130	443	302
District No. 2	81.2	60	120.0	200	1,246	25	64	309
Ind. Ill., Ky.	87.2	762	88.9	2,635	23,611	1,169	3,142	3,071
Okla., Kan., Mo.	78.3	369	78.7	1,366	10,020	300	1,307	1,009
Inland Texas	59.8	196	59.4	802	3,168	259	279	537
Texas Gulf Coast	89.3	1,191	96.3	3,440	15,732	1,518	4,512	3,771
Louisiana Gulf Coast	96.8	338	130.0	811	4,549	443	1,136	1,254
No. La. & Arkansas	55.9	59	46.8	157	1,906	159	558	206
Rocky Mountain—								
District No. 3	17.1	12	92.3	37	114	20	29	30
District No. 4	72.1	99	62.3	362	2,245	97	362	584
California	86.5	832	86.0	2,037	15,904	548	6,209	20,846
Total U. S. B. of M. Basis Mar. 2, 1946	85.7	4,779	88.4	13,871	*104,462	8,127	25,148	38,285
Total U. S. B. of M. basis Feb. 23, 1946	85.7	4,595	85.0	13,175	104,709	8,419	25,898	39,290
U. S. B. of M. basis Mar. 3, 1945		4,775		14,997	†97,810	7,097	27,103	45,002

*Includes unfinished gasoline stocks of 8,492,000 barrels. †Includes unfinished gasoline stocks of 11,975,000 barrels. ‡Stocks at refineries, at bulk terminals, in transit and in pipe lines. §Not including 2,416,000 barrels of kerosine, 5,888,000 barrels of gas oil and distillate fuel oil and 8,634,000 barrels of residual fuel oil produced during the week ended March 2, 1946, which compares with 2,437,000 barrels, 5,728,000 barrels and 7,913,000 barrels, respectively, in the preceding week and 1,519,000 barrels, 5,138,000 barrels and 8,847,000 barrels, respectively, in the week ended March 3, 1945.

National Fertilizer Association Commodity Price Index Advances to New All-Time Peak

The weekly wholesale commodity price index compiled by The National Fertilizer Association and made public on March 11, rose to a new alltime peak in the week ended March 9, 1946 to 142.9 from 141.9 in the preceding week. Although the percentage increase for the week amounted to 0.7, yet the present level of the index is now only 2.3% higher than it was a year ago. A month ago the index stood at 142.0, and a year ago at 139.7, all based on the 1935-1939 average as 100. The Association's report continued as follows:

The industrial commodity groups reflected the most pronounced price advances during the latest week resulting from the recent price increases in the steel industry. The metal index, reaching a new high point, rose 6.1% during the latest week because of higher prices for finished steel. The building material index, also at a new high point, advanced due to higher prices for structural steel shapes and wire nails. The food index advanced moderately because of higher prices for sugar and potatoes. The farm product index showed a slight advance. The cotton subgroup advanced for the eighth consecutive week to a new high point. The grain index also reached a new high level with most grains advancing. The livestock subgroup declined slightly with lower cattle prices more than offsetting higher prices for calves and lambs. Wool prices declined during the latest week. The textile index declined during the week. All other groups in the composite index remained unchanged.

During the week 13 price series in the index advanced and three declined; in the preceding week 10 advanced and two declined; in the second preceding week five advanced and six declined.

WEEKLY WHOLESALE COMMODITY PRICE INDEX
Compiled by The National Fertilizer Association
1935-1939=100*

% Each Group Bears to the Total Index	Group	Latest Week Mar. 9, 1946	Preceding Week Mar. 2, 1946	Month Ago Feb. 9, 1946	Year Ago Mar. 10, 1945
25.3	Foods	141.6	140.5	140.9	141.2
	Fats and Oils	146.6	146.6	146.6	145.3
	Cottonseed Oil	163.1	163.1	163.1	163.1
23.0	Farm Products	172.4	172.0	169.1	165.2
	Cotton	253.8	252.3	241.7	206.1
	Grains	173.2	170.0	169.7	163.7
	Livestock	159.5	159.8	157.5	159.4
17.3	Fuels	126.5	126.5	129.3	130.4
10.8	Miscellaneous commodities	133.9	133.9	133.9	133.4
8.2	Textiles	161.3	162.0	160.4	155.9
7.1	Metals	116.9	110.2	110.2	104.7
6.1	Building materials	162.5	161.3	160.4	154.1
1.3	Chemicals and drugs	127.2	127.2	127.0	125.4
.3	Fertilizer materials	118.2	118.2	118.2	118.3
.3	Fertilizers	119.8	119.8	119.8	119.9
.3	Farm machinery	105.2	105.2	105.2	104.8
100.0	All groups combined	142.9	141.9	142.0	139.7

*Indexes on 1926-1928 base were: March 9, 1946, 111.3; March 2, 1946, 110.5, and March 10, 1945, 108.8.

Moody's Bond Prices and Bond Yield Averages

Moody's computed bond prices and bond yield averages are given in the following table.

MOODY'S BOND PRICES
(Based on Average Yields)

1946— Daily Averages	U. S. Govt. Bonds	Avge. Corporate*	Corporate by Ratings* Aaa	Aa	A	Baa	Corporate by Groups* R. R.	P. U.	Indus
Mar. 12	125.84	119.82	2.47	122.29	119.20	114.46	117.00	120.22	122.29
11	125.86	119.82	2.47	122.50	119.20	114.27	116.80	120.43	122.50
9	125.86	119.82	123.77	122.50	119.20	114.46	116.80	120.43	122.50
8	125.86	119.82	123.56	122.50	119.20	114.46	116.80	120.43	122.29
7	125.81	119.82	123.56	122.29	119.20	114.46	116.80	120.22	122.29
6	125.81	119.82	123.56	122.29	119.20	114.27	116.80	120.22	122.29
5	125.81	119.82	123.56	123.29	119.20	114.46	116.80	120.22	122.29
4	125.81	119.82	123.56	122.29	119.20	114.27	116.61	120.22	122.29
2	125.84	119.61	123.56	121.88	119.20	114.08	116.41	120.22	122.29
1	125.84	119.61	123.56	121.88	119.20	114.27	116.61	120.22	122.09
Feb. 21	126.02	120.22	123.34	121.88	119.00	114.27	116.41	120.22	122.09
15	126.14	119.61	123.56	121.88	119.20	114.27	116.80	120.02	122.29
8	126.15	119.61	123.34	121.88	119.20	114.27	116.41	120.02	122.29
1	126.05	119.20	123.34	121.46	118.80	113.50	115.82	119.41	122.29
Jan. 25	126.28	119.00	123.12	121.25	119.00	113.31	115.63	119.41	122.09
18	126.06	118.60	122.50	120.84	118.60	112.93	115.24	118.80	121.88
11	126.11	118.20	122.09	120.63	118.20	112.56	115.04	118.40	121.46
4	125.18	117.80	121.67	119.82	117.60	112.37	114.66	117.80	120.84
High 1946	126.28	119.82	123.77	122.50	119.20	114.46	117.00	120.43	122.50
Low 1946	124.97	117.60	121.46	119.82	117.40	112.19	114.46	117.80	120.63
1 Year Ago March 12, 1945	122.42	114.85	120.63	118.60	114.66	106.21	110.88	114.46	119.41
2 Years Ago March 11, 1944	120.26	111.25	118.20	116.41	111.25	100.65	104.48	113.70	116.22

MOODY'S BOND YIELD AVERAGES
(Based on Individual Closing Prices)

1946— Daily Averages	U. S. Govt. Bonds	Avge. Corporate*	Corporate by Ratings* Aaa	Aa	A	Baa	Corporate by Groups* R. R.	P. U.	Indus.
Mar. 12	1.34	2.66	2.47	2.54	2.69	2.93	2.80	2.64	2.54
11	1.34	2.66	2.47	2.53	2.69	2.94	2.81	2.63	2.53
9	1.34	2.66	2.47	2.53	2.69	2.93	2.81	2.63	2.53
8	1.34	2.66	2.48	2.53	2.69	2.93	2.81	2.63	2.54
7	1.34	2.66	2.48	2.54	2.69	2.93	2.81	2.64	2.54
6	1.34	2.66	2.48	2.54	2.69	2.94	2.81	2.64	2.54
5	1.34	2.66	2.48	2.54	2.69	2.93	2.81	2.64	2.54
4	1.34	2.66	2.48	2.54	2.69	2.94	2.82	2.64	2.54
2	1.34	2.67	2.48	2.56	2.69	2.95	2.83	2.64	2.54
1	1.34	2.67	2.48	2.56	2.69	2.94	2.82	2.64	2.55
Feb. 21	1.33	2.67	2.49	2.56	2.70	2.94	2.83	2.64	2.55
15	1.32	2.67	2.48	2.56	2.69	2.94	2.81	2.65	2.54
8	1.32	2.67	2.49	2.56	2.69	2.94	2.83	2.65	2.54
1	1.33	2.69	2.49	2.58	2.71	2.98	2.86	2.68	2.54
Jan. 25	1.31	2.70	2.50	2.59	2.70	2.99	2.87	2.68	2.55
18	1.33	2.72	2.53	2.61	2.72	3.01	2.89	2.71	2.56
11	1.32	2.74	2.55	2.62	2.74	3.03	2.90	2.73	2.58
4	1.38	2.76	2.57	2.66	2.77	3.04	2.92	2.76	2.61
High 1946	1.40	2.77	2.58	2.66	2.78	3.05	2.93	2.76	2.62
Low 1946	1.31	2.66	2.47	2.53	2.69	2.93	2.80	2.63	2.53
1 Year Ago March 12, 1945	1.66	2.91	2.62	2.72	2.92	3.38	3.12	2.93	2.68
2 Years Ago March 11, 1944	1.81	3.10	2.74	2.83	3.10	3.71	3.48	2.97	2.84

*These prices are computed from average yields on the basis of one "typical" bond (3¾% coupon, maturing in 25 years) and do not purport to show either the average level or the average movement of actual price quotations. They merely serve to illustrate in a more comprehensive way the relative levels and the relative movement of yield averages, the latter being the true picture of the bond market.

NOTE— The list used in compiling the averages was given in the Nov. 22, 1945 issue of the "Chronicle" on page 2508.

NLRB Rules Foremen Covered by Wagner Act

Supervisory employees who wish to join a union and bargain collectively with their employers are entitled to be afforded the guarantees under the Wagner Act, according to a 2 to 1 decision of the National Labor Relations Board on March 7. The ruling was made in a case involving the Jones & Laughlin Steel Corporation's Vesta Mine and the United Clerical, Technical and Supervisory Employees, a division of District 50 of the United Mine Workers (AFL). The company had refused to grant collective-bargaining recognition to the coal mine foremen, whereupon the NLRB was petitioned by the union for an election.

The board's decision was viewed as strengthening the hand of John L. Lewis, President of United Mine Workers, in the forthcoming negotiations with bituminous coal operators, a special dispatch from Washington to the New York "Times" stated. A strike over the foreman issue developed last fall, but at the time it was postponed by Mr. Lewis who said that he would pursue the issue at a more "appropriate time." Mr. Lewis recently brought up the matter again, demanding enrollment of the foremen, but operators, the "Times" stated, are expected to continue their resistance to the demand, as long as the possibility exists of court reversal of the NLRB policy.

The supervisors of the production and maintenance employees and the supervisors of the clerical and technical employees will vote in separate elections, said the "Times" which continued:

Eligible to vote in each of the elections will be (1) fire bosses, mine crew foremen, assistant mine foremen, maintenance bosses, mechanical bosses, and (2) engineers, chief draftsmen, transit men, chief supplies, clerk and assistant chief clerk.

Specifically held as ineligible to vote were mine foremen, general assistant mine foremen, tipple foremen, general master mechanic, mine superintendents, general superintendent, assistant general superintendents, director of industrial relations, safety director, chief engineer, chief of police, weigh masters, weigh masters' clerks, training supervisor, safety supervisor and dispatchers.

Money in Circulation

The Treasury Department in Washington has issued its customary monthly statement showing the amount of money in circulation after deducting the money held in the U. S. Treasury and by Federal Reserve Banks and agents. The figures this time are those of Jan. 31, 1946, and show that the money in circulation at that date (including of course, that held in bank vaults of member banks of the Federal Reserve System) was $27,917,081,062 as against $28,514,518,195 on Dec. 31, 1945, and $25,290,209,861 on Jan. 31, 1945, and compares with $5,698,214,612 on Oct. 31, 1920. Just before the outbreak of the first World War, that is, on June 30, 1914, the total was $3,459,434,174.

Moody's Daily Commodity Index

Tuesday, March 5	271.3
Wednesday, March 6	271.3
Thursday, March 7	271.6
Friday, March 8	271.1
Saturday, March 9	271.5
Monday, March 11	271.3
Tuesday, March 12	271.4
Two weeks ago, Feb. 26	269.5
Month ago, Feb. 11	267.3
Year ago, March 12	255.3
1945 High, Dec. 27	265.0
Low, Jan. 24	252.1
1946 High, March 4	271.7
Low, Jan. 2	264.7

Trading on New York Exchanges

The Securities and Exchange Commission made public on March 6 figures showing the volume of total round-lot stock sales on the New York Stock Exchange and the New York Curb Exchange and the volume of round-lot stock transactions for the account of all members of these exchanges in the week ended Feb. 16, continuing a series of current figures being published weekly by the Commission. Short sales are shown separately from other sales in these figures.

Trading on the Stock Exchange for the account of members (except odd-lot dealers) during the week ended Feb. 16 (in round-lot transactions) totaled 2,712,885 shares, which amount was 15.97% of the total transactions on the Exchange of 8,496,490 shares. This compares with member trading during the week ended Feb. 9 of 2,984,370 shares, or 14.97% of the total trading of 9,960,270 shares.

On the New York Curb Exchange, member trading during the week ended Feb. 16, amounted to 865,885 shares, or 12.76% of the total volume on that Exchange of 3,391,820 shares. During the week ended Feb. 9 trading for the account of Curb members of 1,424,890 shares was 15.54% of the total trading of 4,907,250 shares.

Total Round-Lot Stock Sales on the New York Stock Exchange and Round-Lot Stock Transactions for Account of Members* (Shares)

WEEK ENDED FEB. 16, 1946

	Total for Week	†%
A. Total Round-Lot Sales:		
Short sales	295,090	
‡Other sales	8,201,400	
Total sales	8,496,490	
B. Round-Lot Transactions for Account of Members, Except for the Odd-Lot Accounts of Odd-Lot Dealers and Specialists:		
1. Transactions of specialists in stocks in which they are registered—		
Total purchases	801,770	
Short sales	184,870	
‡Other sales	717,770	
Total sales	902,640	10.03
2. Other transactions initiated on the floor—		
Total purchases	105,250	
Short sales	9,800	
‡Other sales	144,200	
Total sales	154,000	1.53
3. Other transactions initiated off the floor—		
Total purchases	281,510	
Short sales	47,930	
‡Other sales	419,785	
Total sales	467,715	4.41
4. Total—		
Total purchases	1,188,530	
Short sales	242,600	
‡Other sales	1,281,755	
Total sales	1,524,355	15.97

Total Round-Lot Stock Sales on the New York Curb Exchange and Stock Transactions for Account of Members* (Shares)

WEEK ENDED FEB. 16, 1946

	Total for Week	†%
A. Total Round-Lot Sales:		
Short sales	60,700	
‡Other sales	3,331,120	
Total sales	3,391,820	
B. Round-Lot Transactions for Account of Members:		
1. Transactions of specialists in stocks in which they are registered—		
Total purchases	281,040	
Short sales	21,085	
‡Other sales	235,885	
Total sales	256,970	7.93
2. Other transactions initiated on the floor—		
Total purchases	42,100	
Short sales	6,000	
‡Other sales	73,350	
Total sales	79,350	1.79
3. Other transactions initiated off the floor—		
Total purchases	42,360	
Short sales	21,100	
‡Other sales	142,965	
Total sales	164,065	3.04
4. Total—		
Total purchases	365,500	
Short sales	48,185	
‡Other sales	452,200	
Total sales	500,385	12.76
C. Odd-Lot Transactions for Account of Specialists—		
Customers' short sales	0	
§Customers' other sales	111,284	
Total purchases	111,284	
Total sales	169,201	

*The term "members" includes all regular and associate Exchange members, their firms and their partners, including special partners.

†In calculating these percentages the total of members' purchases and sales is compared with twice the total round-lot volume on the Exchange for the reason that the Exchange volume includes only sales.

‡Round-lot short sales which are exempted from restriction by the Commission's rules are included with "other sales."

§Sales marked "short exempt" are included with "other sales."

Civil Engineering Construction Totals $68,369,000 for Week

Civil engineering construction volume in continental United States totals $68,369,000 for the week ended March 7, 1946 as reported to "Engineering News-Record." This volume is 29% below the previous week, 63% above the week last year and 10% above the previous four-week moving average. The report issued on March 7 continued as follows:

Private construction this week, $47,073,000 is 33% below the previous week and 79% above the week last year. Public construction, down 21% below last week is 36% greater than the corresponding week of 1945. State and municipal construction is 0.2% above last week and 328% above the week of 1945. Federal construction dropped 49% below last week and 52% below the week last year.

Total engineering construction for the 10-week period of 1946 records a cumulative total of $664,671,000, 139% above the total for the like period of 1945. On a cumulative basis private construction in 1946 totals $453,166,000, 385% greater than the 1945 period. A 53% drop in Federal work offsets the 366% increase in state and municipal construction, so that public construction as a whole, $211,505,000, rose only 14% over the total for a 10-week period of 1945.

Civil engineering construction volume for the current week, last week and the 1945 week was:

	Mar. 7, 1946	Feb. 28, 1946	Mar. 89, 1945
Total U. S. Construction	$68,369,000	$96,786,000	$41,893,000
Private Construction	47,073,000	69,969,000	26,270,000
Public Construction	21,296,000	26,907,000	15,623,000
State & Municipal	15,491,000	15,457,000	3,622,000
Federal	5,805,000	11,450,000	12,001,000

In the classified construction groups four of the nine classes recorded gains this week over the previous week as follows: sewerage, bridges, commercial buildings and highways. Six of the nine classes recorded gains this week over the week last year as follows: waterworks, sewerage, bridges, commercial buildings, highways and unclassified.

New Capital

New capital for construction purposes this week totals $13,536,000 and is made up of $9,736,000 in state and municipal bond sales and $3,800,000 in corporate security issues. New capital for the 10-week period totals, $315,189,000, 58% greater than the $199,417,000 reported for the corresponding period of 1945.

Steel Production Rises to Almost Prestrike Level—New Business Surges Ahead Further

With wartime speed, the steel industry was forging ahead this week in an attempt to make as much steel as possible before operations might be curtailed because of a coal mine shutdown, according to "The Iron Age," national metalworking paper, which further goes on to say in its issue of today (March 14): "Even though the present percentage is based on less capacity because of revisions early this year, actual weekly output is on a par with prestrike activity.

Between now and the period in April when a possible slowdown in steel production may occur, steel output is expected to gain rapidly. Equipment is now in good shape and previous difficulty in obtaining manpower has lessened considerably. Nevertheless coal stockpiles of steel companies are still no more than two to three weeks on the average.

Because of the fear in some circles that the coal strike, if it occurs, will be a lengthy one, steel companies are being forced to make tentative plans for slowing down some operations as soon as the strike is called. In previous periods when a coal strike was called, steel companies hung on as long as possible and then had to make drastic adjustments when supplies ran out or reached the low point. By starting a slowdown in operations early the conservation of coal allows a more economical operation of coke ovens and blast furnaces and leaves the industry in a better position for a full-scale output when the coal strike is ended.

Realignment of sales territories by steel producers has stepped up in recent weeks, swelling the rank of consumers who must find new sources of supply. In a fashion that should bring joy to the heart of the Federal Trade Commission, mills are drawing in their lines and confining a large part of their shipments to the more profitable nearby areas. Firms in such regions as Pittsburgh, Wheeling, Youngstown and Buffalo are restricting their sales in the Midwest, particularly on sheet and strip products.

Chicago producers are cutting down on sales to areas from Detroit eastward. Concurrently neighborhood customers are being favored on quotas and one western mill is reported giving unlimited tonnage to customers in its state. Steel users dropped from the rolls under the new sales pattern are flocking to sales offices of local producers, but with little success.

New steel business last week surged ahead further and the order volume now being placed is at the prestrike level. Specifed tonnage or what is called a firm backlog this week averaged about seven months full prodction on an industry basis at the present rates although certain products are further extended. Until such time as the steel industry is able to eliminate huge carryovers because of the shutdown in February, the placement of fresh orders becomes a mere formality.

Export directives on additional steel products may come soon. Steel shipments abroad this year have been running about 40% below 1945, partly due to the ending of lend-lease and other financial aids and partly due to supplying domestic demands. Inquiries have been heavy for pig iron and semi-finished products for continental countries which have been unable to get raw material production underway in quantity."

The American Iron and Steel Institute on Monday of this week announced that telegraphic reports which it had received indicated that the operating rate of steel companies having 94% of the steel capacity of the industry will be 83.6% of capacity for the week beginning March 11, compared with 76.7% revised figure one week ago, 5.5% one month ago and 94.5% one year ago. This represents an increase of 6.9 points or 9.0% from the preceding week. The operating rate for the week beginning March 11 is equivalent to 1,473,400 tons of steel ingots and castings, compared to 1,351,700 tons (revised figure) one week ago, 96,900 tons one month ago, and 1,730,900 tons one year ago.

"Steel" of Cleveland, in its summary of the iron and steel markets, on March 11 stated in part as follows:

"Steelmakers are seeking to meet the insistent call for their products and production has climbed almost to the level prevailing before the strike of steelworkers.

"With inquiry increasingly active and pressure of deliveries most insistent the industry is threatened by a possible soft coal strike next month, as well as a strike of railroad workers. The latter would be more quickly paralyzing than the former. However the trade expects a peaceful settlement of the rail dispute, but is less sanguine as to the coal situation. Thus the industry is faced with a possible second major setback before it has fully recovered from the steel strike.

"Individual steel companies are estimated to have from two to six weeks supply of coal in stock. While the mines operated during the steel strike the position of steel producers was not greatly improved as they were unable to unload shipments. As a result, a coal strike of any duration would soon bring steel production to a standstill. Demand for coke for industrial purposes is decidedly heavy, in spite of the fact that slow recovery in pig iron production at some points is making more coke available than otherwise would be the case. Some sellers say there appears to be no limit to this demand, because of desire of consumers to build inventories to tide over in event of a coal strike.

"Inquiry for steel is increasingly active and various buyers are pressing to get as much tonnage as possible on books, regardless of actual needs. While producers for some time have taken serious and in many cases effective measures in discouraging this type of demand it is believed in well informed quarters that once the situation begins to ease, or at least becomes more clarified, much duplicated tonnage will be found on mill books.

"Although the situation is easing in many respects one great deterrent to steel production is shortage of pig iron and scrap. Supply of the former is improving as more blast furnaces get back to normal production but demand from steelmakers and foundries is heavy and they seek much more tonnage than is available. Foundries, especially, have heavy backlogs, with customers pressing for delivery and for placing of more orders. In scrap pressure is still heavy and supply is light."

Result of Treasury Bill Offering

The Secretary of the Treasury announced on March 11 that the tenders for $1,300,000,000 or thereabout of 91-day Treasury bills to be dated March 14 and to mature June 13, which were offered on March 8, were opened at the Federal Reserve Banks on March 11.

Total applied for $2,084,615,000.

Total accepted, $1,303,816,000 (includes $54,648,000 entered on a fixed price basis at 99.905 and accepted in full).

Average price, 99.905+; equivalent rate of discount approximately 0.375% per annum.

Range of accepted competitive bids:

High, 99.915, equivalent rate of discount approximately 0.336% per annum.

Low, 99.505; equivalent rate of discount approximately 0.376% per annum.

(57% of the amount bid for at the low price was accepted.)

There was a maturity of a similar issue of bills on March 14 in the amount of $1,301,797,000.

NYSE Odd-Lot Trading

The Securities and Exchange Commission made public on March 6, a summary for the week ended Feb. 23 of complete figures showing the daily volume of stock transactions for odd-lot account of all odd-lot dealers and specialists who handled odd lots on the New York Stock Exchange, continuing a series of current figures being published by the Commission. The figures are based upon reports filed with the Commission by the odd-lot dealers and specialists.

STOCK TRANSACTIONS FOR THE ODD-LOT ACCOUNT OF ODD-LOT DEALERS AND SPECIALISTS ON THE N. Y. STOCK EXCHANGE

Week Ended Feb. 23, 1946

	Total For Week
Odd-Lot Sales by Dealers— (Customers' purchases)	
Number of Orders	44,206
Number of Shares	1,277,853
Dollar Value	$51,386,795
Odd-Lot Purchases by Dealers— (Customers' sales)	
Number of Orders:	
Customers' short sales	121
*Customers' other sales	34,693
Customers' total sales	34,814
Number of Shares:	
Customers' short sales	3,897
*Customers' other sales	1,042,884
Customers' total sales	1,046,781
Dollar value	44,476,144
Round-Lot Sales by Dealers—	
Number of Shares:	
Short sales	70
†Other sales	154,010
Total sales	154,080
Round-Lot Purchases by Dealers—	
Number of shares	410,690

*Sales marked "short exempt" are reported with "other sales."

†Sales to offset customers' odd-lot orders and sales to liquidate a long position which is less than a round lot are reported with "other sales."

Weekly Coal and Coke Production Statistics

The total production of bituminous coal and lignite in the week ended March 2, 1946, as estimated by the United States Bureau of Mines, was 12,540,000 net tons, a slight decrease from the 12,625,000 tons produced in the preceding week, but a gain of 1,260,000 tons over the corresponding week of 1945. From Jan. 1 to March 2, 1946, soft coal output amounted to 107,929,000 net tons, an increase of 3.1% when compared with the 104,725,000 tons produced in the period from Jan. 1 to March 3, 1945.

Production of Pennsylvania anthracite for the week ended March 2, 1946, as estimated by the Bureau of Mines, was 1,239,000 tons, an increase of 102,000 tons (9%) over the preceding week. When compared with the output in the corresponding week of 1945 there was an increase of 123,000 tons, or 11%. The calendar year to date shows an increase of 11% when compared with the corresponding period of 1945.

The Bureau also reported that the estimated production of beehive coke in the United States for the week ended March 2, 1946 showed an increase of 23,500 tons when compared with the output for the week ended Feb. 23, 1946; but was 33,100 tons less than for the corresponding week of 1945.

ESTIMATED UNITED STATES PRODUCTION OF BITUMINOUS COAL AND LIGNITE
(In Net Tons)

	Week Ended			Jan. 1 to Date	
Bituminous coal & lignite—	Mar. 2, 1946	*Feb. 23, 1946	Mar. 3, 1945	†Mar. 2, 1946	Mar. 3, 1945
Total, including mine fuel	12,540,000	12,625,000	11,280,000	107,929,000	104,725,000
Daily average	2,090,000	2,104,000	1,880,000	2,072,000	1,954,000

*Revised. †Subject to current adjustment.

ESTIMATED PRODUCTION OF PENNSYLVANIA ANTHRACITE AND COKE
(In Net Tons)

	Week Ended			Calendar Year to Date		
Penn. Anthracite—	‡Mar. 2, 1946	§Feb. 23, 1946	Mar. 3, 1945	Mar. 2, 1946	Mar. 3, 1945	Mar. 6, 1937
*Total incl. coll. fuel	1,239,000	1,137,000	1,116,000	10,177,000	9,172,000	8,596,000
†Commercial produc.	1,189,000	1,092,000	1,071,000	9,769,000	8,805,000	8,166,000
Beehive coke—						
United States total	98,800	75,300	131,900	762,800	967,000	645,200

*Includes washery and dredge coal and coal shipped by truck from authorized operations. †Excludes colliery coal. ‡Subject to revision. §Revised.

ESTIMATED WEEKLY PRODUCTION OF BITUMINOUS COAL AND LIGNITE, BY STATES, IN NET TONS

(The current weekly estimates are based on railroad carloadings and river shipments and are subject to revision on receipt of monthly tonnage reports from district and State sources or of final annual returns from the operators.)

	Week Ended		
State—	Feb. 23, 1946	Feb. 16, 1946	Feb. 24, 1945
Alabama	400,000	302,000	350,000
Alaska	7,000	6,000	7,000
Arkansas and Oklahoma	98,000	85,000	85,000
Colorado	138,000	143,000	170,000
Georgia and North Carolina	1,000	1,000	*
Illinois	1,558,000	1,522,000	1,565,000
Indiana	560,000	524,000	554,000
Iowa	39,000	42,000	54,000
Kansas and Missouri	108,000	117,000	155,000
Kentucky—Eastern	1,163,000	1,101,000	1,095,000
Kentucky—Western	450,000	427,000	345,000
Maryland	43,000	54,000	35,000
Michigan	3,000	3,000	3,000
Montana (bitum. & lignite)	98,000	91,000	95,000
New Mexico	27,000	23,000	32,000
North & South Dakota (lignite)	71,000	61,000	60,000
Ohio	815,000	741,000	595,000
Pennsylvania (bituminous)	2,850,000	2,766,000	2,690,000
Tennessee	160,000	134,000	148,000
Texas (bituminous & lignite)	1,000	2,000	4,000
Utah	153,000	145,000	153,000
Virginia	385,000	381,000	415,000
Washington	26,000	28,000	32,000
†West Virginia—Southern	2,260,000	2,187,000	2,248,000
‡West Virginia—Northern	1,006,000	963,000	845,000
Wyoming	204,000	215,000	190,000
§Other Western States	1,000	1,000	*
Total bituminous & lignite	12,625,000	12,065,000	11,925,000

†Includes operations on the N. & W.; C. & O.; Virginian; K. & M.; B. C. & G.; and on the B. & O. in Kanawha, Mason, and Clay counties. ‡Rest of State, including the Panhandle District and Grant, Mineral, and Tucker counties. §Includes Arizona and Oregon. *Less than 1,000 tons.

Wholesale Prices Rose 0.2% in Week Ended March 2, Labor Department Reports

'Higher prices for iron and steel products in primary markets more than ofset price declines for agricultural commodities during the week ended March 2, 1946," said the Bureau of Labor Statistics of the United States Department of Labor on March 7, its advices adding that "the index of commodity prices in primary markets prepared by the Bureau advanced 0.2% to 107.6% of the 1926 average This," the Bureau noted, "was 0.7% above early February 1946 and 2.5% above the corresponding week of last year. The index for all commodities other than farm products and foods rose 0.4% during the week."

The Bureau further reported:

"Iron and Steel—Higher ceiling prices for iron and semi-finished and finished steel products were announced by the OPA on March 1, retroactive to Feb. 15, 1946. These higher ceilings were followed by advances in base prices of iron and steel products, ranging from 3 to 13%. The effect of the higher iron and steel prices on the wholesale price index was partly obscured by the declines during the week for agricultural commodities. If prices for all commodities other than iron and steel had remained unchanged during the week, the announced advance in the prices of basic steels would have raised the all commodities index by 0.3% (instead of 0.2%).

"Farm Products and Foods—Market prices for agricultural commodities were generally lower during the week, with the group index for farm products declining 0.3% and that for foods 0.4%. Quotations for eggs declined seasonally. Apple prices were lower, and prices for citrus fruit and onions moved down as poorer qualities came on the market. Potato prices declined. Grain quotations averaged fractionally lower. In the livestock and poultry group lower prices for steers and sheep on slow buying balanced price advances for calves, where buying competition was strong, and for poultry. Cheese prices advanced about 13% during the week, reflecting the first effects of higher ceilings allowed by OPA to compensate for removal of cheese subsidies. Domestic wool quotations declined as the Commodity Credit Corporation made a further reduction in its selling prices, the second in three months, in order to encourage consumption. The cotton market strengthened following the decline of the previous week.

"Other Commodities—Prices for cotton yarns and twine advanced with higher ceilings allowed under the provisions of the Bankhead amendment to the Stabilization Extension Act of 1944. Bleached muslin prices increased, the first price advance under a revision of MPR 127, made to restore margins of convertors of cotton cloth. Refinery prices for Oklahoma gasoline continued to drop, with larger stocks than at any time during 1945. Bituminous coal prices rose fractionally, and ergot prices advanced with a continued shortage of commercial stocks."

The Labor Department included the following notation in its report:

The Bureau of Labor Statistics' wholesale price data, for the most part, represent prices in primary markets. In general, the prices are those charged by manufacturers or producers or are those prevailing on commodity exchanges. The weekly index is calculated from one-day-a-week prices. It is designed as an indicator of week to week changes and should not be compared directly with the monthly index.

The following tables show (1) indexes for the past three weeks, for Feb. 2, 1946, and March 3, 1945 and (2) percentage changes in subgroup indexes from Feb. 23, 1946 to March 2, 1946.

WHOLESALE PRICES FOR WEEK ENDED MARCH 2, 1946
(1926 = 100)
(Indexes for the last eight weeks are preliminary)

						Percentage changes to Mar. 2, 1936 from—		
Commodity group—	3-2 1946	2-23 1946	2-16 1946	2-2 1946	3-3 1945	2-23 1946	2-2 1946	3-3 1945
All commodities	107.6	107.4	107.2	106.8	105.0	+0.2	+0.7	+2.5
Farm products	130.7	131.1	131.0	129.7	127.2	—0.3	+0.8	+2.8
Foods	107.9	108.3	108.0	106.7	104.5	—0.4	+1.1	+3.3
Hides and leather products	120.1	120.1	120.1	119.8	118.1	0	+0.3	+1.7
Textile products	101.4	101.1	101.1	101.1	99.2	+0.3	+0.3	+2.2
Fuel and lighting materials	85.4	85.6	85.7	85.4	83.8	—0.2	0	+1.9
Metal and metal products	107.8	105.8	105.8	105.8	104.3	+1.9	+1.9	+3.4
Building materials	121.0	120.2	120.0	119.9	116.9	+0.7	+0.9	+3.5
Chemicals and allied products	96.0	96.0	95.9	96.0	94.9	0	0	+1.2
Housefurnishings goods	108.0	108.0	106.8	106.8	106.2	0	+1.1	+1.7
Miscellaneous commodities	95.4	95.4	95.4	95.0	94.3	0	+0.4	+1.2
Raw materials	119.5	119.7	119.7	118.9	116.2	—0.2	+0.5	+2.8
Semi-manufactured articles	99.6	98.5	98.5	97.5	94.9	+1.1	+2.2	+5.0
Manufactured products	103.7	103.4	103.2	102.9	101.6	+0.3	+0.8	+2.1
All commodities other than farm products	102.5	102.2	102.0	101.7	100.1	+0.3	+0.8	+2.4
All commodities other than farm products and foods	101.5	101.1	101.1	100.9	99.4	+0.4	+0.6	+2.1

PERCENTAGE CHANGES IN SUBGROUP INDEXES FROM
FEB. 23, 1946 TO MARCH 2, 1946

Increases

Structural steel	11.9	Other textile products	0.4
Iron and steel	4.3	Dairy products	0.3
Other building materials	0.9	Bituminous coal	0.1
Cotton goods	0.6	Cereal products	0.1

Decreases

Fruits and vegetables	2.0	Other farm products	0.5
Petroleum and products	0.8	Grains	0.2
Other foods	0.2		

Non-Ferrous Metals—Strikes Spread to Two Important Copper Refineries—Lead Tight

"E. & M. J. Metal and Mineral Markets," in its issue of March 7, stated: "So far as non-ferrous metals were concerned, the labor situation worsened during the last week. By March 4, all but two major copper refineries were closed down, restricting the movement of the metal to those fabricators still operating to a low level. It was hoped that larger tonnages may be released from the stockpile. Lead was described as the tightest of all important metals, with demand active. The position of zinc was unchanged. Quicksilver came in for more attention last week, owing to growing political tension in reference to Spain. A good volume of business was placed at somewhat higher prices. A price of 58c a pound was named by Metals Reserve to take care of export business in tin." The publication further went on to say in part as follows:

Copper

Labor strife closed two additional refineries last week. The Raritan Copper Works of Anaconda, at Perth Amboy, and the El Paso refinery of Phelps Dodge closed down on March 4. With the leading brass mills still shut, the growing scarcity of domestic metal is proving embarrassing chiefly to wire and cable makers. To obtain copper, buyers now are not so insistent as formerly in regard to shapes. In the event that the strike is of long duration, the large stockpile of copper in the hands of the Office of Metals Reserve will be called upon to supply more metal than previously to consumers.

The position of foreign copper remains firm. The Government has not yet settled with producers on what it will pay for the 20,000 tons a month that it intends to purchase in Latin America over the first half of the current year.

Receipts of copper and brass scrap by dealers totaled 509,667 tons in 1945, which compares with 504,579 tons in 1944, the Bureau of Mines reports.

Lead

The industry is concerned about prospects for another revision of the limitation order. Strikes in this country and uncertainty over the tonnages of foreign metal that can be imported during the second quarter are certain to create an even tighter situation in the metal, the industry believes. John D. Small, head of CPA, stated last week that the stockpile of lead may decline to 40,000 tons by the end of March. Early in 1943 the stockpile contained 276,000 tons of lead. Under regulations now in force, he hopes to hold down consumption of lead to the rate of between 850,000 to 880,000 tons a year. Should controls be abolished, he said, demand for lead would probably rise to the rate of 1,300,000 a year.

Consumers are encountering more and more difficulty in locating metal, and the unsatisfied demand is heavy. One producer reports that he is shipping lead "so hot it scorches the floor boards in the cars."

Sales of lead during the last week involved 5,111 tons, against 2,268 tons in the preceding week.

Zinc

Demand for zinc from die casters was active, with most producers experiencing no difficulty in disposing of their output. The situation in Prime Western was viewed as satisfactory, even though the question of higher labor costs has complicated matters in reference to galvanized products. Producers of galvanized sheet were granted an increase in the price by OPA amounting to 35c per-100 lb., retroactive to Feb. 15.

Recovery of zinc from scrap and residues in 1945 totaled 132,985 tons. This total does not include zinc recovered from scrap brass.

Tin

To take care of a limited volume of business in tin for export, the Office of Metals Reserve has named an export price of 58c per pound for Grade "A" tin. The domestic selling basis remains unchanged at 52c. Both prices are substantially below cost. Dealers authorized to export tin will have to purchase the metal in lots of 5 tons or multiples of five.

The International Tin Committee is to meet in London on March 7 to review the tin situation and discuss matters pertaining to the agreement among producers that expires at the end of 1946.

British authorities announced last week that stocks of tin concentrates in lower Burma total about 1,200 tons. A report on requirements of mining properties in that area is expected soon.

Exports of tin concentrates from Bolivia in January contained 3,194 metric tons of tin, against 4,302 tons in December and 4,092 tons in January a year ago.

Straits quality tin for shipment, in cents per pound, was nominally as follows:

	March	April	May
Feb. 28	52.000	52.000	52.000
March 1	52.000	52.000	52.000
March 2	52.000	52.000	52.000
March 4	52.000	52.000	52.000
March 5	52.000	52.000	52.000
March 6	52.000	52.000	52.000

Chinese, or 99% tin, continued at 51.125c per pound.

Quicksilver

Increasing tension over political developments in reference to Spain caused sellers of quicksilver to take a firmer view of the market. There was a good demand for spot and nearby metal, and as the week ended most operators were holding out for $103 per flask and higher, an advance of $1 compared with a week ago. On forward material $102 might be done, but the quotation was viewed as being more or less nominal under present unsettled conditions. The strike situation here has temporarily held up some deliveries.

Silver

A rider has been attached to the Treasury-Post Office appropriation bill providing for the sale of the Treasury's "free silver" on the basis of 71.11c an ounce troy. The Senate Committee on Appropriations is expected to remove this rider before the measure is reported to the Senate.

The tight situation in silver continues. Strikes at base-metal refineries are complicating matters further. The New York Official price of foreign silver continued at 70¾¢. The London market was unchanged at 44d.

Record Savings Gains by Mutual Banks

The greatest increase in deposits of mutual savings banks in any of their 130 years of operation is recorded in the 1946 edition of the Mutual Savings Bank Directory just issued by the National Association of Mutual Savings Banks. During 1945 deposits increased over $2 billions to a new all-time high figure of $15,332,202,146, according to the Association, which states that assets kept pace with these record gains and now total $17,013,451,176. At the year-end depositors numbered nearly 17 millions.

The Directory is regarded as an invaluable hand-book because of its detailed information and statistics concerning every mutual savings bank in the country, including rates of interest-dividends paid, institutions operating Christmas Clubs, school savings, safe deposit, and life insurance departments, etc.

Revenue Freight Car Loadings During Week Ended March 2, 1946 Increased 59,116 Cars

Loading of revenue freight for the week ended March 2, 1946 totaled 782,397 cars, the Association of American Railroads announced on March 7. This was a decrease below the corresponding week of 1945 of 3,339 cars, or 0.4%, and a decrease below the same week in 1944 of 4,496 cars or 0.6%.

Loading of revenue freight for the week of March 2, increased 59,116 cars of 8.2% above the preceding week.

Miscellaneous freight loading totaled 338,915 cars, an increase of 36,436 cars above the preceding week, but a decrease of 50,780 cars below the corresponding week in 1945.

Loading of merchandise less than carload lot freight totaled 121,643 cars, an increase of 7,760 cars above the preceding week, and an increase of 14,323 cars above the corresponding week in 1945.

Coal loading amounted to 185,275 cars, an increase of 1,089 cars above the preceding week. and an increase of 22,579 cars above the corresponding week in 1945.

Grain and grain products loading totaled 54,912 cars, an increase of 3,192 cars above the preceding week and an increase of 13,631 cars above the corresponding week in 1945. In the Western Districts alone, grain and grain products loading for the week of March 2 totaled 37,846 cars, an increase of 3,445 cars above the preceding week and an increase of 11,260 cars above the corresponding week in 1945.

Livestock loading amounted to 16,659 cars, a decrease of 564 cars below the preceding week but an increase of 2,676 cars above the corresponding week in 1945. In the Western Districts alone loading of livestock for the week of March 2 totaled 12,588 cars, a decrease of 577 cars below the preceding week, but an increase of 2,277 cars above the corresponding week in 1945.

Forest products loading totaled 42,588 cars an increase of 4,938 cars above the preceding week and an increase of 1,535 cars above the corresponding week in 1945.

Ore loading amounted to 9,457 cars, an increase of 2,169 cars above the preceding week but a decrease of 4,936 cars below the corresponding week in 1945.

Coke loading amounted to 12,948 cars, an increase of 4,096 cars above the preceding week, but a decrease of 2,367 cars below the corresponding week in 1945.

All districts reported decreases compared with the corresponding week in 1945 except the Pocahontas, Southern, Northwestern, and Centralwestern, and all reported decreases compared with 1944, except the Pocahontas, Southern, Northwestern and Centralwestern.

	1946	1945	1944
4 weeks of January	2,883,620	3,003,655	3,158,700
4 weeks of February	2,866,710	3,052,487	3,154,116
Week of March 2	782,397	785,736	786,893
Total	6,532,727	6,841,878	7,099,709

The following table is a summary of the freight carloadings for the separate railroads and systems for the week ended March 2, 1946. During this period 66 roads reported gains over the week ended March 3, 1945.

REVENUE FREIGHT LOADED AND RECEIVED FROM CONNECTIONS (NUMBER OF CARS) WEEK ENDED MARCH 2

Railroads	Total Revenue Freight Loaded 1946	1945	1944	Total Loads Received from Connections 1946	1945
Eastern District—					
Ann Arbor	353	284	279	1,616	1,571
Bangor & Aroostook	2,571	2,700	2,477	393	609
Boston & Maine	7,265	7,426	6,641	13,229	15,843
Chicago, Indianapolis & Louisville	1,213	1,278	1,482	2,144	2,211
Central Indiana	47	37	33	51	42
Central Vermont	1,084	991	987	2,038	2,540
Delaware & Hudson	4,356	4,927	5,026	11,385	15,169
Delaware, Lackawanna & Western	7,687	7,129	7,666	9,296	11,751
Detroit & Mackinac	224	186	229	157	142
Detroit, Toledo & Ironton	1,694	1,624	1,763	1,719	2,370
Detroit & Toledo Shore Line	265	446	307	3,877	4,534
Erie	10,939	12,498	13,356	16,055	18,459
Grand Trunk Western	3,127	4,035	3,966	9,142	10,010
Lehigh & Hudson River	156	160	189	2,516	4,298
Lehigh & New England	2,197	1,741	1,944	1,609	1,356
Lehigh Valley	8,399	7,917	9,154	7,337	14,772
Maine Central	2,920	2,621	2,476	4,021	4,698
Monongahela	6,239	5,761	5,906	268	304
Montour	2,868	2,371	2,624	24	17
New York Central Lines	44,378	48,459	48,230	52,518	55,400
N. Y., N. H. & Hartford	10,489	11,057	10,818	13,991	20,284
New York, Ontario & Western	822	870	1,147	2,335	3,140
New York, Chicago & St. Louis	5,603	6,726	6,396	14,492	18,746
N. Y., Susquehanna & Western	425	506	503	2,296	2,803
Pittsburgh & Lake Erie	6,583	7,450	7,635	7,353	7,797
Pere Marquette	4,645	5,208	4,726	7,468	9,471
Pittsburgh & Shawmut	973	683	762	41	26
Pittsburg, Shawmut & North	244	279	336	247	234
Pittsburgh & West Virginia	757	833	970	1,856	3,928
Rutland	344	384	400	1,192	1,117
Wabash	5,953	6,059	5,987	11,558	13,613
Wheeling & Lake Erie	4,447	6,212	5,083	3,633	5,379
Total	149,267	158,858	159,498	204,857	252,634
Allegheny District—					
Akron, Canton & Youngstown	563	806	699	1,387	1,578
Baltimore & Ohio	39,966	40,271	42,208	24,261	33,256
Bessemer & Lake Erie	2,606	3,127	2,061	1,064	1,705
Cambria & Indiana	1,454	1,665	1,757	11	11
Central R. R. of New Jersey	6,016	6,497	7,085	16,634	21,849
Cornwall	409	501	637	59	44
Cumberland & Pennsylvania	261	156	201	7	14
Ligonier Valley	26	104	108	9	59
Long Island	1,623	1,905	1,215	4,726	4,750
Penn-Reading Seashore Lines	1,614	1,764	1,643	1,988	2,583
Pennsylvania System	73,143	78,427	78,232	56,911	66,113
Reading Co.	13,390	15,050	15,749	25,960	31,321
Union (Pittsburgh)	14,330	18,824	19,374	2,698	5,090
Western Maryland	4,191	3,842	3,993	12,057	16,546
Total	159,592	172,949	174,963	147,772	184,912
Pocahontas District—					
Chesapeake & Ohio	30,988	26,859	27,189	11,561	12,794
Norfolk & Western	21,452	20,833	21,231	6,608	10,505
Virginian	5,030	4,399	4,279	1,784	2,608
Total	57,470	52,091	52,699	19,953	25,907
Southern District—					
Alabama, Tennessee & Northern	530	384	317	200	359
Atl. & W. P.—W. R. R. of Ala.	932	881	886	2,023	2,537
Atlanta, Birmingham & Coast	†	†	724	†	†
Atlantic Coast Line	15,203	15,555	14,237	10,169	14,179
Central of Georgia	4,648	4,264	3,921	4,840	6,369
Charleston & Western Carolina	508	429	417	1,642	1,834
Clinchfield	1,792	1,627	1,758	3,778	3,307
Columbus & Greenville	432	235	313	297	319
Durham & Southern	84	108	118	609	581
Florida East Coast	3,420	3,734	3,716	1,638	1,614
Gainesville Midland	64	56	51	139	130
Georgia	1,173	1,251	1,201	2,323	2,565
Georgia & Florida	513	429	500	893	850
Gulf, Mobile & Ohio	5,120	4,489	3,779	4,436	4,159
Illinois Central System	29,296	26,906	28,107	13,790	17,732
Louisville & Nashville	26,274	25,788	23,890	9,725	12,600
Macon, Dublin & Savannah	266	217	168	1,058	1,017
Mississippi Central	343	333	278	370	524
Nashville, Chattanooga & St. L.	3,485	3,091	3,250	3,967	4,753
Norfolk Southern	1,343	961	957	1,643	1,798
Piedmont Northern	433	544	445	1,603	1,324
Richmond, Fred. & Potomac	459	503	375	9,055	11,805
Seaboard Air Line	12,154	11,202	11,316	8,706	9,487
Southern System	20,678	24,094	22,656	24,504	28,150
Tennessee Central	609	623	611	898	813
Winston-Salem Southbound	149	134	157	918	1,829
Total	135,917	127,838	124,148	109,224	130,635
Northwestern District—					
Chicago & North Western	16,625	14,219	15,712	14,018	14,761
Chicago Great Western	2,968	2,373	2,570	3,204	3,536
Chicago, Milw., St. P. & Pac.	21,348	21,169	19,978	11,156	11,140
Chicago, St. Paul, Minn. & Omaha	3,975	3,351	3,837	4,802	4,328
Duluth, Missabe & Iron Range	1,194	1,446	1,262	338	244
Duluth, South Shore & Atlantic	785	697	834	683	626
Elgin, Joliet & Eastern	6,903	8,751	8,788	11,383	13,391
Ft. Dodge, Des Moines & South	519	356	407	186	102
Great Northern	14,287	10,430	12,618	4,914	6,169
Green Bay & Western	508	505	457	1,009	1,063
Lake Superior & Ishpeming	319	210	300	47	70
Minneapolis & St. Louis	2,495	1,886	2,121	2,723	2,820
Minn., St. Paul & S. S. M.	5,519	4,376	5,350	4,163	3,616
Northern Pacific	10,031	6,946	10,235	5,238	6,169
Spokane International	124	250	84	474	426
Spokane, Portland & Seattle	2,135	2,595	2,429	2,718	3,416
Total	89,645	81,551	86,982	67,056	71,877
Central Western District—					
Atch., Top. & Santa Fe System	24,081	22,953	21,417	9,055	15,075
Alton	3,115	3,382	3,033	3,407	4,543
Bingham & Garfield	10	341	517	9	70
Chicago, Burlington & Quincy	22,167	19,070	19,676	11,939	12,659
Chicago & Illinois Midland	3,300	3,139	2,952	783	989
Chicago, Rock Island & Pacific	13,482	11,065	11,026	13,079	14,166
Chicago & Eastern Illinois	2,819	2,700	2,641	3,261	4,137
Colorado & Southern	707	758	766	1,340	2,406
Denver & Rio Grande Western	3,095	3,782	3,385	3,682	6,638
Denver & Salt Lake	650	663	751	30	17
Fort Worth & Denver City	949	836	647	1,292	1,396
Illinois Terminal	2,317	2,145	2,126	1,579	2,396
Missouri-Illinois	866	913	964	503	586
Nevada Northern	1,494	1,302	1,764	110	98
North Western Pacific	541	738	708	463	712
Peoria & Pekin Union	13	7	18	0	0
Southern Pacific (Pacific)	27,124	29,384	28,163	9,195	16,028
Toledo, Peoria & Western	0	313	471	0	2,218
Union Pacific System	15,801	16,863	15,469	11,322	16,967
Utah	940	545	639	7	1
Western Pacific	1,677	1,949	1,511	2,477	4,241
Total	125,148	122,848	118,644	73,533	105,343
Southwestern District—					
Burlington-Rock Island	367	339	311	612	272
Gulf Coast Lines	5,321	6,842	7,804	2,631	2,651
International-Great Northern	2,120	2,706	1,668	3,676	4,050
‡K. O. & G., M. V. & O. C.-A.-A.	1,254	877	789	1,477	1,142
Kansas City Southern	3,146	4,625	5,873	2,969	2,741
Louisiana & Arkansas	2,595	3,300	2,802	2,429	2,680
Litchfield & Madison	386	343	263	1,366	1,286
Missouri & Arkansas	187	110	187	411	431
Missouri-Kansas-Texas Lines	5,494	6,585	5,729	3,736	5,458
Missouri Pacific	18,012	15,548	15,433	13,712	18,727
Quanah Acme & Pacific	121	46	123	198	347
St. Louis-San Francisco	10,259	8,472	8,286	8,131	8,361
St. Louis-Southwestern	2,562	3,519	2,845	5,304	7,616
Texas & New Orleans	9,109	10,943	12,369	5,378	5,500
Texas & Pacific	4,311	5,246	5,377	6,133	8,319
Wichita Falls & Southern	78	76	79	44	44
Weatherford M. W. & N. W.	36	24	22	12	25
Total	65,358	69,601	69,960	58,219	69,650

†Included in Atlantic Coast Line RR. ‡Includes Midland Valley Ry. and Kansas Oklahoma & Gulf Ry. only in 1944 and also Oklahoma City-Ada-Atoka Ry. in 1945 and 1946.

NOTE—Previous year's figures revised.

Weekly Statistics of Paperboard Industry

We give herewith latest figures received by us from the National Paperboard Association, Chicago, Ill., in relation to activity in the paperboard industry.

The members of this Association represent 83% of the total industry, and its program includes a statement each week from each member of the orders and production, and also a figure which indicates the activity of the mill based on the time operated. These figures are advanced to equal 100%, so that they represent the total industry.

STATISTICAL REPORTS—ORDERS, PRODUCTION, MILL ACTIVITY

Period	Orders Received Tons	Production Tons	Unfilled Orders Remaining Tons	Percent of Activity Current	Cumulative
1945—Week Ended					
Dec. 1	172,297	152,571	472,568	96	94
Dec. 8	173,537	154,235	490,123	97	94
Dec. 15	150,330	157,792	487,481	98	94
Dec. 22	122,229	148,591	451,654	92	94
Dec. 29	97,323	78,862	462,446	52	93
1946—Week Ended					
Jan. 5	176,346	111,967	526,891	75	75
Jan. 12	143,366	144,482	523,672	94	85
Jan. 19	134,265	143,550	507,651	93	88
Jan. 26	142,142	143,101	499,955	94	89
Feb. 2	178,590	150,634	516,776	95	90
Feb. 9	169,482	152,066	529,767	97	91
Feb. 16	139,681	149,794	516,211	94	92
Feb. 23	139,993	155,381	500,507	97	93
Mar. 2	198,985	161,122	533,794	98	93

Notes—Unfilled orders of the prior week, plus orders received, less production, do not necessarily equal the unfilled orders at the close. Compensation for delinquent reports, orders made for or filled from stock, and other items made necessary adjustments of unfilled orders

Motor Carrier Tonnage Increased in January

The volume of freight transported by motor carriers in January increased 9.2% over December but decreased 8.3% below January of last year, according to American Trucking Associations, Inc., which further announced as follows:

Comparable reports received by ATA from 207 carriers in 36 States showed these carriers transported an aggregate of 1,766,389 tons in January, as against 1,617,047 tons in December and 1,925,348 tons in January, 1945.

The ATA index figure, computed on the basis of the average monthly tonnage of the reporting carriers for the three-year period of 1938-1940 as representing 100, was 178.3.

Approximately 79% of all tonnage transported in the month was hauled by carriers of general freight. The volume in this category increased 11.5% over December and was 7.6% below January, 1945.

Transportation of petroleum products, accounting for about 14% of the total tonnage reported, showed a decrease of 0.8% below December and a drop of 16.3% below January, 1945.

Carriers of iron and steel hauled about 3% of the total tonnage. Their traffic volume was 5.7% below December and 7.7% below January, 1945.

About 4% of the total tonnage reported consisted of miscellaneous commodities, including tobacco, textile products, building materials, vehicles, vehicle parts, groceries, chemicals, mine equipment and mine ore. Tonnage in this class increased 19.0% over December and 9.9% over January, 1945.

Insurance Advertising Conference in May

The Spring Meeting of The Insurance Advertising Conference will be at Hershey, Pa., May 20 and 21, it was announced recently by Ralph W. Smiley, President of the Conference. Members are being asked to obtain reservations at Hotel Hershey early, and are advised that accommodations may be arranged for the Saturday and Sunday preceding the meeting, if desired. The program now being developed by Vice President Theodore W. Budlong will be announced later.

President Smiley also announces the election of three new members: John Flint Sheldon, Sales Promotion Manager, The American Casualty Co. of Reading, Pa.; Acheson E. Lucey, Advertising Manager, American International Underwriters Corporation, New York City; and Ruel S. Smith, Manager, Financial and Insurance Advertising, Time, Inc., New York.

Lumber Movement—Week Ended March 2, 1946

According to the National Lumber Manufacturers Association, lumber shipments of 426 mills reporting to the National Lumber Trade Barometer were 11.1% above production for the week ending March 2, 1946. In the same week new orders of these mills were 6.8% above production. Unfilled order files of the reporting mills amounted to 86% of stocks. For reporting softwood mills, unfilled orders are equivalent to 32 days' production at the current rate, and gross stocks are equivalent to 36 days' production.

For the year-to-date, shipments of reporting identical mills exceeded production by 10.7%; orders by 11.9%.

Compared to the average corresponding week of 1935-1939, production of reporting mills was 2.0% below; shipments were 8.1% below; orders were 4.7% below.

Items About Banks, Trust Companies

N. Baxter Jackson, President of the Chemical Bank & Trust Company of New York, announces the appointment of Eugene W. Stetson, Jr., as an Assistant Vice-President, assuming his duties as of March 11. He will be associated with the bank's business in the South Atlantic States, including Virginia, North Carolina, South Carolina, Georgia and Florida. Mr. Stetson spent his early boyhood days in Macon, Ga., and is well acquainted throughout the entire South. He was graduated from Yale University in 1934 where he was a member of Chi Psi Fraternity and the Senior Society of Skull and Bones. After graduation, Mr. Stetson became connected with the Citizens and Southern National Bank of Savannah and Macon as an Assistant Cashier and resigned to take a position with Brown Brothers Harriman & Company where he was until he was commissioned an Ensign in the United States Naval Reserve. He served for three and one-half years, attaining the rank of Lt. Commander.

Following a meeting of the Board of Directors of the Bank of the Manhattan Company of New York on March 7, F. Abbot Goodhue, President, announced the election of Alexander McGray as an Assistant Secretary. Mr. McGray, who is a graduate of Cornell University, returns to the Bank after five years of service in the U. S. Army where he was a Major with the Procurement Division in France. He resumes his position as head of the Bank's Legal Department.

The Board of Trustees of the United States Trust Company of New York recently declared a regular quarterly dividend of $8.75 a share on the capital stock, payable April 1, 1946, to stockholders of record as of the close of business March 15. A stock dividend of 100% was paid on Dec. 27, 1945, to the stockholders of the trust company of record on Dec. 10, 1945. This dividend was effected by transferring $2,000,000 from surplus to capital, increasing the latter figure from $2,000,000 to $4,000,000.

James E. Finegan, Jr., has been appointed Assistant Vice-President of The Manhattan Savings Bank of New York, Willard K. Denton, President, announced on March 11. Mr. Finegan, who had been associated with the Brooklyn Trust Company since 1934, resigned as Assistant Secretary of that institution to accept the new appointment. Born in New York City 38 years ago, Mr. Finegan was graduated from Union College, New York University and Brooklyn Law School. Before his employment with the Brooklyn Trust Company he was associated with the Chase National Bank and the Prudence Company.

Cilius L. Howard, Vice-President in charge of the foreign department of the Continental Bank & Trust Co. of New York, died suddenly at his home in Brooklyn on March 6. Mr. Howard, who was 64 years old, was a graduate of Phillips Exeter Academy. He began his banking career with the National Union Bank of New York and continued with it when it was merged with the National Bank of Commerce.

Later he was with the London office of the Guaranty Trust Co. of New York and the bank's Hong Kong, Shanghai and Manila offices. He was also with the International Banking Corp., in their Manila office, for a time. Returning to New York, he was associated with the International Trust Co., which later merged with the Continental Bank & Trust Co. Mr. Howard was Chairman of the Committee on Banking of the Foreign Commerce Club.

William Jackson Lippincott, Vice-President of the Bankers Trust Company of New York, died suddenly on March 10 at Hobe Sound, Florida. His home was in New York at 1040 Park Avenue. He was born in 1891 in Findlay, Ohio. He was graduated from the Hotchkiss School in 1910 and from Yale University in 1914. Following his graduation from Yale he entered business with Hallgarten & Company and in 1918 became President of the Lippincott Glass Company, which position he held until joining the Bankers Trust Company in 1924. He remained with the Bankers Trust Company until the time of his death and was in charge of the Credit and Security Research Department. He was a member of the Finance Committee of the Eagle Star Insurance Company.

The Albany "Times Union" announced on March 6 that Douglas W. Olcott succeeds his uncle, Robert Olcott, as President of the Mechanics and Farmers Bank of Albany, N. Y., in a reorganization announced on March 5 which promotes five other bank officers. Retirement of two bank officers after long service also was revealed. Robert Olcott, President since 1920, becomes Chairman of the Board of Trustees, a newly created post, as his nephew moves up from the post of Vice-President and Trust Officer.

The new President has been with the bank since 1924. From the Albany "Times Union" we also quote:

"Retiring as officers are Clarence W. Stevens, former Vice-President and Cashier, who has 60 years of service with the bank, and Ira F. Jagger, Assistant Cashier, who has 54 years' service. Mr. Stevens continues as a director and as secretary of the board.

"Five other promotions from the staff announced by the Board of Directors are:

"Russell H. Johnson, with the bank since 1924, elected Assistant Vice-President.

"Harry F. Ebel, with the bank since 1912, elected Cashier.

"Charles A. Schneider, with the bank since 1918, Assistant Cashier.

"T. Gardner Day, with the bank since 1923, elected Trust Officer.

"Lawrence W. Ebel, with the bank since 1918, elected Assistant Trust Officer."

The appointment of Donald R. Griswold as Vice-President of the Connecticut River Banking Company of Hartford, Conn., to take the post made vacant by Frederick F. Fisher, who retired in January, 1943, was announced on March 7 by the Hartford "Courant," which also said:

"Mr. Griswold was a junior partner of the investment firm of Conning and Company before entering the Travelers Bank and Trust Company as Vice-President in 1941. He began his banking career here with the State Bank and Trust Company in 1915. In 1945 he was elected a director of the Travelers Bank and Trust Company. He is also a director of the Windsor Trust Company.

The Hartford "Courant" of March 6 reported that the stockholders of the Bristol Bank and Trust Company of Bristol, Conn., at a special meeting approved the recommendations of directors that the capital of the bank be increased from $500,000 to $600,000 by issuing 4,000 additional common shares at par $25 and to retire its remaining outstanding preferred stock.

Charles E. White, President of the Savings Bank of New London, Conn., died on Feb. 28, at 81 years of age. Mr. White had held the presidency for 16 years and had also served as President of the Savings Bank Association of Connecticut.

Harold H. Sherwood, President of Sherwood Refining Company, Inc., and Edward F. O'Neill, associated with Geo. M. Brewster & Son, Inc., have been elected directors of the Palisades Trust Company of Englewood, N. J.

It was announced on March 7 that the boards of directors of the Broad Street Trust Company and the Chestnut Hill Title & Trust Company of Philadelphia have unanimously approved plans for the merger of the two institutions. The proposed merger is subject to the approval of shareholders of the two banks at special meetings which will be held at a date to be made known later. The plan of merger of the two institutions calls for the exchange of two shares of capital stock of the Broad Street Trust Company for each share of capital stock of Chestnut Hill Title & Trust Company. Consummation of the proposed merger would bring together two institutions, which at Dec. 31, 1945, had combined assets of approximately $32,000,000. Under the proposed merger plan the present office of the Chestnut Hill Title & Trust Company would be maintained as the Chestnut Hill office of the Broad Street Trust Company.

It is learned from the Philadelphia "Inquirer" of March 6 that completion of the recapitalization plan of the Industrial Trust Company of Philadelphia through the issuance of 130,000 additional shares common and retirement of first and second preferreds was announced by the company. As of March 4, capitalization consisted of $1,091,125 common and $655,965 surplus and undivided profits for total of $1,747,090.

Land Title Bank & Trust Co., of Philadelphia reports to its depositors that assets increased from $47,223,000 Dec. 31, 1940, to $88,682,000 Dec. 31, 1945, while normal deposits, excluding U. S. Government deposits, rose from $23,767,000 Dec. 31, 1940, to $59,913,000 Dec. 31, 1945.

"Rights" to buy new stock of Riggs National Bank of Washington, D. C., expired on Feb. 27, it is learned from the Washington "Post" of Feb. 28, which also had the following to say:

"Since their appearance on the over-the-counter market about Dec. 11 and their later listing on the Washington Stock Exchange trading has been brisk. Bid price yesterday was $23 each, with none offered. There were no sales.

"The 'rights' permitted holders to buy new Riggs stock at $300 a share. Originally they were issued in connection with an increase in capital of Riggs National Bank from $3,000,000 to $5,000,000. The recapitalization provided for the payment of a stock dividend of $1,000,000 and the sale of 10,000 additional shares at $300 a share. Holders were given the right to purchase one new share for each three old shares."

G. M. Cummings, chief counsel of the Cleveland Trust Co., of Cleveland, Ohio, and a member of its executive committee, retired on pension March 1, after 33 years of service with the bank. The Cleveland "Plain Dealer" indicating this in its issue of March 3, also said in part:

"Mr. Cummings joined the Cleveland Trust Co. in 1913, when he left the law firm of Blandin, Hogsett and Ginn. From 1905 to 1909 he was city solicitor of Mansfield, Ohio. He was graduated from Wittenberg College in 1896 and admitted to the bar in 1898. Since 1918 he has been a member of the Civil Service Commission of East Cleveland, with the exception of one year when he filled a vacancy on the City Commission."

Walter R. Frame, President of the Waukesha National Bank, Waukesha, Wisc., died on Feb. 21; he was 74 years old. Mr. Frame, who was prominent in Waukesa affairs, became President of the bank in 1938. According to the Milwaukee "Journal," in addition to his duties at the bank, he was a director of the Waukesha Motor Co., and Alloy Products, a trustee of the Northwestern Life Insurance Co., treasurer of the Carroll College board of trustees.

Stockholders of the Liberty State Bank of Dallas, Tex., on March 4, approved the increase in capital structure of the bank recommended by the directors on Feb. 20. The increase which brings the capital to $1,000,000 and surplus to $1,000,000 and undivided profits to about $200,000, will be brought about by the sale of an additional 12,500 shares of stock at $40 per share. This action will increase the number of shares outstanding to 50,000 with a par value of $20, said the Dallas "Times Herald."

The Board of Governors of the Federal Reserve System announced that on March 1, the American Trust Company, San Francisco, Calif. absorbed the Napa Bank of Commerce of Napa, Calif. In connection with the absorption a branch was established at Napa.

Ludwig Schiff on Feb. 19, was elected to the Board of Directors of the Farmers & Merchants National Bank of Los Angeles, Calif.

John Andrew McLeod, Chairman of the Board of Director of the Bank of Nova Scotia, died on March 5 at the age of 76. Associated Press advices from Victoria, B. C., March 8 stated:

"Born at Summerside, Prince Edward Island, Mr. McLeod joined the bank on Feb. 1, 1887, and had served as Manager at Harbor Grace, Nfld.; Assistant Manager at Chicago and Manager at St. John's, Nfld., Boston, Havana, Cuba, and Chicago. He was appointed Chief Superintendent of branches in 1913, Assistant General Manager in 1923, Vice-President in 1927 and President in 1934, holding that post for more than 10 years.

"Mr. McLeod also had been President of the Canadian Bankers' Association, Vice-President and Director of the National Trust Company, director of the Canada Life Assurance Company, Toronto Savings and Loan Company and Central Canada Loan and Savings Company.

The Bank of Australia after making a transfer to the credit of contingencies account, out of which account provision for all bad and doubtful debts has been made, and after providing for Dominion and United Kingdom taxation on the profits for the year, reports that the profits shown by the profit and loss account for the year to 15th October last, including £237,504. 5s.9d. brought forward from the previous year, enable the directors to declare a final dividend of 5s/- per share (5% actual) less income tax at the full standard rate of 10s/- in the £, payable on 29th March next to proprietors registered in the books of the bank at close of business on 4th March. In announcing this on Feb. 21 the bank said:

"The dividend now announced, together with that paid on 28th September last, represents a distribution for the year at the rate of 7½% per annum before deduction of income tax, as against 6% for the previous year. The net result, however, after applying the provisions of Section 52 Finance (No. 2) Act 1945, which requires that U. K. income tax shall be deducted at the rate of 10s/- in the £, instead of, as hitherto, at a rate arrived at after allowance for Dominion income tax relief, is approximately the same.

"The reserve fund remains at £2,500,000 and the currency reserve at £2,000,000. The net profit for the year was £200,666. 6s. 10d. (last year £195,864. 9s. 5d.) and £246,920. 12s. 7d. will be carried forward to the next account."

Formation of Cuban Sugar Council in N. Y.

Formation of the United States Cuban Sugar Council by a group of sugar companies owning or operating properties in Cuba was announced on March 7 by David M. Keiser, Chairman of the Council, who is President of The Cuban American Sugar Company and an executive of other sugar enterprises. The primary objective of the new organization, it is announced, is to "assure a continuing supply of sugar for the American consumer at a reasonable price by maintaining an adequate flow of Cuban sugar into the United States market." Another objective of the Council is to demonstrate the value of a close relationship between the United States and Cuba in promoting trade between the two countries.

Pointing out that Cuba is a natural source of sugar, Mr. Keiser said, "If the sugar trade between the two countries can be put upon a sounder basis, instead of being subjected to the drastic fluctuations of past years, no one will need to fear a sugar shortage, even in war-time, and economic conditions in both countries will be benefited. This can be achieved without losing sight of the fact that the domestic and insular sugar industry is also an established part of the United States economy." He also stated in part:

"The Council is advocating a program which will enable sugar producers in Cuba to plan intelligently in advance and provide the United States with enough sugar to fill the gap between consumption and present production. An agricultural enterprise cannot adjust itself to abrupt changes in the market. It is not an assembly line to be halted or started by turning a switch. This is particularly true of sugar cane where a planting program must be initiated one or two years in advance of cutting, and costs can be recovered only by harvesting more than one crop.

"The benefits of a healthy sugar industry in Cuba extend beyond the assurance of adequate supply. For the United States, it means a larger market in Cuba for foodstuffs, textiles and manufactured products from this country. For Cuba, it means the employment of hundreds of thousands of workers, general commercial activity, and better economic conditions."

Offices of the Council are being established at 136 Front Street, New York City. Richard N. Cowell is Secretary of the new organization. Companies affiliated with the Council include: Caribbean Sugar Company, Central Violeta Sugar Company, Cuban Atlantic Sugar Company, Fidelity Sugar Company, Guantanamo Sugar Company, Manati Sugar Company, New Niquero Sugar Company, Punta Alegre Sugar Corporation, Tanamo Sugar Company, The American Sugar Refining Company, The Cuban American Sugar Company, The Francisco Sugar Company, Tuinucu Sugar Company, Vertientes-Camaguey Sugar Company.